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ABSTRACT

The role of universities in management education for national development in Southeast Asia was the focus of two workshops held in Singapore. Proceedings of these workshops are categorized according to applications of business management skills and techniques in government and business; desirable attributes of a manager/development administrator; curricula implications in management education for present and future needs; issues and problems in the provision of continuing education for developing management needs; and developing management competence. (MJM)

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ROLE OF UNIVERSITIES IN MANAGEMENT EDUCATION FOR NATIONAL DEVELOPMENT IN SOUTHEAST ASIA

Proceedings of the Workshop
Held in Singapore
14-17 August 1972

COMPLIMENTARY

Edited
by
YIP YAT HOONG

HE 006 260

Regional Institute of Higher Education and Development
Singapore
September 1972

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PREFACE

In this workshop an attempt was made to examine how management education and practice might contribute more fully toward the development process of countries in Southeast Asia and also how universities and other university-level management institutes of Southeast Asia could more effectively develop management personnel for both the private and public sectors. Management, in this context, was taken to mean both business and public administration.

In Southeast Asia, as in most parts of the world, a sharp dichotomy exists between both the orientation and training of management for the private and public sectors. Admittedly, a number of areas of concern and modes of operation in a private business enterprise are different from those in a government department, while both again are different from those in a public enterprise. Yet, there are many common elements in the capability requirements and technology of management in both the private and public sectors. For this reason, the workshop set about to examine these common concerns and to explore ways in which business and public administration institutes could complement and strengthen each other.

This workshop was the second in a series of two RIHED workshops on management education in Southeas Asia. The first, an exploratory workshop consisting of a small number of educators and managers of the private and public sectors in Southeast Asia, was held in Penang in February 1972. * This two-stage approach was felt necessary in view of the fact that at both the universities and in society at large, the educational and the practising experts in the two disciplines had thus far tended to go their own separate ways so that organizing a workshop right away would mean calling together a group of such a size and complexity that results would be difficult to achieve.

At this second workshop, attention was focused on five areas of management, three of which were on management practice and the remaining two on management education. In order to examine both the educational and the practising aspects of management, the participants at this workshop were either government executives, private sector executives, representatives of professional associations in both business management and public administration or university teachers of business and public administration.

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* See Yip Yat Hoong, **Management Education in Southeast Asia,** RIHED, Singapore March 1972

PREFACE

In editing this report of the proceedings of the workshop, the order of the discussion has been followed as closely as possible. It should be noted, however, that not everything which had been said could be included in this report.

In producing this report the editor is grateful for the assistance of Mrs. Khoo Siew Mun, Bibliography, Documentations and Publications Assistant of the Faculty of Economics and Administration in the University of Malaya.

September 1972 **YIP YAT HOONG**

WELCOME ADDRESS BY DR. YIP YAT HOONG, DIRECTOR, RIHED

It is a fact that in Southeast Asia today technological capability has been advancing more rapidly than management capability; and this is true in fields ranging from family planning and education to agriculture and industry. Consequently, this has created an "implementation gap" for many of the national development programmes in this region.

There are two significant trends in the management situation in Southeast Asia today. In the private sector, on the one hand, the demand for management personnel at all levels, from supervisors to senior executives, is increasing more rapidly than the supply of this key category of manpower. Consequently, large numbers of expatriate management personnel have to be employed.

On the other hand, the governments are assuming an increasing role in national economic development. In several countries in the region there has recently been a sharp increase in the use of public corporations to supplement the production and service activities of both the private sector and government departments. PERNAS in Malaysia and INTRACO in Singapore are examples of this trend. These public corporations are presenting new management requirements and suggest the need for more training in modern business management for civil servants.

In view of this situation, RIHED feels that there is now an urgent need to explore ways of developing management capability in the countries of Southeast Asia. This could be done by organizing a workshop attended by government executives, private sector excutives, representatives of professional associations in both business management and public administration, and key university leaders in business and public administration education. It is felt that much could be gained (and hopefully closer cooperation achieved in the future) through an exchange of views among educators and managers of the private and public sectors in Southeast Asia. At the same time, RIHED is mindful of the fact that at both the universities and in society at large the educational and the practising experts in the two sectors have thus far tended to go their own separate ways. It is felt that organizing a workshop right away in which both the educators and the practitioners participate would mean calling together a group of such a size and complexity that results would be difficult to achieve.

What RIHED has decided than is to adopt a two-stage approach — an initial working party which consists of mainly university personnel representing both business and public administration but also some government and business executives, to be followed by a workshop which includes university personnel as well as senior executives and professional association representatives of both the private and public sectors. The first stage was undertaken in Penang in February this year. We are now embarking on the second stage of this plan of action.

The purpose of this workshop is twofold, first, to examine how management education and practice in both business and public administration might contribute more fully toward the development process in countries of Southeast Asia; and second, to explore ways in which universities and other university-level management institutes of Southeast Asia could more effectively develop management personnel for both the private and public sectors.

During this and the next two days the workshop will explore five main areas of concern in management education and practice. It will start off with the topic, "Applications of Business Management Skills and Techniques in Government". Here, it may be observed that an increasing number of government executives are interested in studying the possibility of applying relevant private sector approaches and methods of analysis, decision-making, and management to the public sector. The question which the workshop will have to ask itself is this: in the context of Southeast Asia, what are some of the techniques and skills developed in business establishments which government administrators could use in their operations?

The second discussion topic of the workshop deals with "Economic Development and Social Responsibility: the Ecology of Government and Business". It is realized that the goals and process of social and economic development in Southeast Asia have had a profound impact on the role and function of both the private and public sectors. Governments no longer view their function as primarily one of carrying out routine administration and maintaining law and order. Instead, many governments have become prime instigators of development, not only regulating but actively participating in the nation's economic activities. The private sector, on the other hand, has become substantially more interdependent with government and is expected to play a positive role in the pursuit of government-determined and guided development objectives.

What are the implications of these changes in Southeast Asia for management in both the private and public sectors? What recommendations can be made to bring about effective complementary and collaborative action on the part of government and business management personnel? These are some of the questions that are of special interest to the workshop during this discussion session.

The third discussion topic of the workshop looks into "The Desirable Attributes of a Manager or Development Administrator". The question that government and business are constantly asking is this: what are the requirements for the manager of a private or public enterprise in terms of knowledge, skills, and attitudes? Is the manager of a private enterprise substantially different from the development administrator of a public enterprise? The workshop will try to gain some insight into this question during the discussion.

The workshop will next turn to the role of the universities in management education. The first topic of concern is the "Curricula Implications in Management Education for Present and Future Needs". It has been said that the main purpose of management education is to prepare and develop qualified personnel for the government in the case of public administration and for the private sector in the case of business administration. In this respect, it is necessary to consider the development goals and needs of the country and the expectations and aspirations of the private and public sectors. The commitment of the countries in Southeast Asia to development has brought about an increased demand for management personnel who are development-oriented, and who can be expected to perform leadership roles in the development effort.

What is the role of universities and other university level management institutes of Southeast Asia in the furtherance of management education for national development? In fulfilling this role, what are some of the curricula implications for these institutions? These are some of the questions that will be asked during this discussion session.

Finally, in the second topic under the role of universities in management education, the workshop will examine some of the "Issues and Problems in the Provision of Continuing Education for Developing Management Needs". It is generally recognized that business establishments recruit young graduates for particular lower-level positions in the company which are functionally-oriented, for example, accounting, finance or marketing. These companies view the graduates as "raw materials" who could be developed for managerial positions through a career-development programme. In the government, the expectations are for people who can manage development programmes and projects. The entry into the public service, like in business establishments, is through various functional or professional specializations, for example, law, engineering or medicine. In the case of graduates of public administration, they are generally recruited into staff positions, for example, as personnel assistant, budget analyst or management specialist. This is due to the fact that current educational programmes in public administration are aimed at producing staff men rather than the managerial types.

This being the situation, continuing education in management becomes essential. But should continuing or extension training programmes in management be provided by universities, government or industry-in-service training centres, or professional management associations? What forms of cooperation might be envisaged among the universities, government, industry and professional associations in providing such management training programmes? The workshop will try to find answers to these questions.

This workshop will be very much problem-oriented and policy-oriented in approach. Paper writers and discussants have been requested to use concrete experiences and cases in the development of the subject assigned to them. We have at this workshop some of the most prominent people in the field of business and public administration in the region. They represent both the teachers and practitioners in management. With such a high-powered group of individuals gathered at this workshop, we can look forward to three days of stimulating discussion.

RIHED and the participants of this workshop are honoured by the presence of the Honourable Minister for Finance, Mr. Hon Sui Sen, at this official opening of the workshop today. The Minister for Finance is himself a successful practitioner in business management and public administration. It gives me great pleasure to call upon him now to deliver his opening address for this workshop.

OPENING ADDRESS BY MR. HON SUI SEN, MINISTER FOR FINANCE, SINGAPORE

The Regional Institute of Higher Education and Development or RIHED is to be congratulated on organizing this workshop on the "Role of the Universities in Management Education for National Development in Southeast Asia". Discussion on any subject related to national development needs is always timely but particularly so in regard to the perennial problems of acute managerial manpower shortages for the purposes of national development. Indeed, this workshop would have been held even more usefully ten to fifteen years earlier when many Southeast Asian countries were beginning to plan their first national development programmes and, for this purpose, making an agonizing appraisal of the inadequate total resources they could call upon. Seen in retrospect, in almost all countries the lack of implementation capacity, even more than of finance, has been the critical factor in unfulfilled plan targets.

Some workshop similar to this one could then have charted the course for the early development of manpower resources to implement development programmes. I was therefore intrigued to learn from the 1972 RIHED Bulletin that while the Regional Institute of Higher Education and Development was established in 1970, the idea for such an organization was conceived at least ten years earlier. However, a workshop held ten years ago and more would have had a very different socio-economic backdrop for its deliberations. The problems then were relatively clear, deriving mainly from the single objective of almost all developing nations, the creation of national wealth at the fastest possible rate, untroubled by present-day doubts as to whether the GNP is by itself a true measure of national well-being.

We, in Singapore, were no different from other developing nations. Our national development plans laid primary emphasis upon economic development as against social development, and upon the manufacturing sector as the spearhead for our economic advancement. We cut hills and reclaimed swamps in Jurong in order to build a sufficient infrastructure for a massive industrial development effort. It was only very occasionally that we took time to pause and philosophize on the possible effects of such development. One such occasion is captured in an oil painting I sometimes look at of a seascape from Tanjong Kling by Dr. Karl Franz (an expert on ship-repairing who was here with the Industrial Survey Mission team led by Dr. Winsemius in 1960, and who came again later). This painting mirrors the peace and tranquility of rural Tanjong Kling (then part of a nature reserve) before the bulldozers razed the site where now the ships at Jurong Harbour and the Freedom vessels at Jurong Shipbuilders add to the noise and bustle of the present Jurong industrial scene. There is no doubt that to-day, more than just the occasional pause would be made to question the wisdom of disturbing the ecological balance and to feel concern at the pollution of the environment that all industrialization to some degree entails. I do not say that such inquiry or concern would necessarily have any very different effect. Indeed, given the choice all over again, we would, I am sure, decide for industrial development in Jurong in exactly the way we did. My point is merely that national development programmes must now take consciously into account the effect on the environment, and must try to prevent "ecocide". Improvement of the quality of life is now very much a legitimate planning objective even for developing countries. A Japanese economist once suggested, half in jest, that until a country reached a per capita income of US$1,500 a year, it need not be overly concerned with environmental pollution. Such a concern is indeed a luxury which cannot easily be afforded by nations living in dire poverty and having, as many tropical nations in Africa and Asia have, large underpopulated land masses. However, Southeast Asian countries, with which this workshop is concerned, would surely consider that the income level of such concern should be lowered from US$1,500 per capita to at least their own per capita national incomes.

Of course, this will make the task of the Southeast Asian managers for national development programmes somewhat more complex and difficult. In the same way, so do many other new factors or objectives now required to be considered in modern national development programmes. For Singapore, these include family planning, the never finished task of creating a national identity and national consciousness, and the full employment of communications and communications media to propagate such consciousness. These modern national development programmes require managers in the broadest sense — not only business administration executive types but managers familiar also with the whole area of policy and practice in government, quasi-government and community administration, which now extends over such untraditional fields as investment and trade promotion, development and investment banking, insurance, state trading, and effective intervention in the money, commodities and other markets.

The needs of national development often cannot wait, not even for properly trained managers. From past experience, we may learn that if the proper management tools for implementation of programmes cannot be immediately found, then whatever tools are to hand will be used. In Singapore, the administrative civil service (always the reliable standby in any new administrative organization), foreign experts (I have already mentioned Dr. Winsemius and his team), economists, engineers, scientists, arts graduates as much as or more than business administration graduates have been pressed into the service of national development programmes. Some of these tools were further sharpened at institutions as varied as the Economic Development Institute run by the IBRD in Washington, the Asian Institute of Economic Development and Planning at Bangkok, and Harvard and other universities abroad noted for business and public administration education. The Economic Development Board ran short management training courses which were later taken over by the Singapore Institute of Management and by the National Productivity Centre. These courses provided some degree of formal or theoretical training, while its own training on the job in EDB project evaluation, financial loan analysis, site development and technical consulting services appeared so successful in producing managerial material that they were eagerly sought after not only by private sector industries but also sometimes in government administration. For the latter, the newly set up Government Staff Training Institute was another attempt to supplement training facilities to provide management personnel.

We have done well enough under the circumstances, but such managerial education or training as I have described was somewhat haphazard or improvised. Would it be possible in its place to devise a comprehensive system of formal education to train sufficient managers for all national development programmes? Should this be very broad-ranging or should it be conducted through the type of business administration and/or public administration courses presently run, with comparatively minor changes for further needs? Is such training properly and exclusively the role of the university? And if not, what co-ordination should there be with other bodies engaged in similar or related activities? I do not want to anticipate the answers to such questions, which are properly for this workshop to consider. Speaking from our experience in the past, I wish only to warn against the kind of danger that they say besets generals, that they are always preparing to fight the last war. Management education in the universities or elsewhere must not only provide for the needs of the relatively known present but must also anticipate those of a dynamically changing future.

As one of the largest users of managerial personnel in Singapore in my capacity as Minister for Finance, I look forward to receiving the conclusions and recommendations of this workshop. And now, to start you on your important deliberations, it gives me great pleasure to declare this workshop open.

PART I

APPLICATIONS OF BUSINESS MANAGEMENT SKILLS AND TECHNIQUES IN GOVERNMENT

APPLICATIONS OF BUSINESS MANAGEMENT SKILLS AND TECHNIQUES IN GOVERNMENT *

Srey Rithy

ROLE OF PUBLIC ADMINISTRATION

The traditional role of governments in the general administration of a country has, in the main, been confined to maintaining law and order, and executing routine, administrative jobs.

During recent decades, however, many governments, particularly those in Southeast Asia, have been assuming an increasingly important role in the economic and social development of their countries.

This paper does not pretend to examine all the possible business management methods and techniques governments could adopt and utilize in their administration. I would like to limit myself to citing one example which shows how business management techniques could be applied to other fields, especially to public administration.

MANAGEMENT IN ENTERPRISES

Under the dual pressures set up by two inter-related phenomena i.e. ever-increasing competition which necessitates continuing efforts to improve products; and the development of computers, which require accurate data; business enterprises have drastically modified their attitudes as well as their methods of management.

In the operation of an enterprise, although the impact of action taken is limited to a restricted field, the decision-making process involves no less effort than in the administration of affairs of state. Daily, problems are faced in its struggle for survival: to protect itself against external competitive forces; the necessity to innovate for survival; considerations of its social and environmental problems; its budget; etc. The world of business is rich in solutions to these many problems, which being products of intelligence, have slowly formed the basis of a new, advanced science.

Methods and techniques have been improved and put into practice for

- The scientific process of decision-making;
- Choice of objectives;
- Choice of strategy;
- Resource mobilization;
- Management; and
- Evaluation of the results.

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* Translated from French.

One of these methods and techniques (the scientific preparation of data for decision-making) is discussed below.

To illustrate the universality of this method, let us examine the process of scientific preparation of data for decision-making in relation to sports training for a flat race of 1,500 to 5,000 metres with the objective of beating previous records. From such an examination we can realize the basic differences in approach between old, classic methods and the new, scientific methods.

In our example, the trainer must urge each trainee to "beat himself", then to "beat the others".

Let us see how the two different methods can be compared to each other.

Classic method

In the classic method, one merely refers to a total objective: to beat a certain record. That is to say: the objective is now to cover the same distance in less time. What is the strategy?

(i) **Selection.** The results of this can constantly be improved in two ways:
   (a) By increasing the number of candidates (promotion of sport on a national scale).
   (b) By improving techniques of selection (progressive tests, psychological, medical tests, etc.)

(ii) **Training.** The results of training can equally be improved by working on:
   (a) Physical and moral factors (exercises, dietetics, etc.)
   (b) Style (documentation on competitive styles, analysis, testing, etc.)
   (c) Pedagogical methods.

(iii) **Application.** It is at this third stage that the trainer stumbles, since, in competition, the athlele is left to himself, facing only his TOTAL OBJECTIVE, but without sufficient details on his own performance. He gives what he believes is his maximum effort. The result is: he may succeed, he may fail, or he may sometimes break down.

New method

With this method, an initial comparison between many international competitors whose achievements are similar may show that no measurable differences can be discerned between them on psychological and medical planes. If, say, three persons are physically, morally and technically similar, and under competition, one of them always wins, one might ask "Why?"

Since energy resources of all three seem to be the same, yet if one of them outdoes the other two, then he must have put his energies into better use than the other two. Perhaps his start is smoother and quicker; perhaps his finish is technically better; and so on.

To verify these hypotheses, the trainer has to analyze minutely successive distances covered by various runners through slow-motion film. Such analyses permit one to observe the various times taken over different distances covered, e.g.

First hectometre	X seconds
Second hectometre	Y seconds
Third hectometre	Z seconds

etc., until the end of the whole distance.

Then in comparing different time schedules of the same runner; and schedules of different runners, one will be able to observe the following points.

(i) Each runner adopts by instinct a particular rhythm which varies very little from one race to another. One attains maximum speed at one point, another at a different point of the distance.

(ii) The champion normally adopts a rhythm different from the others.

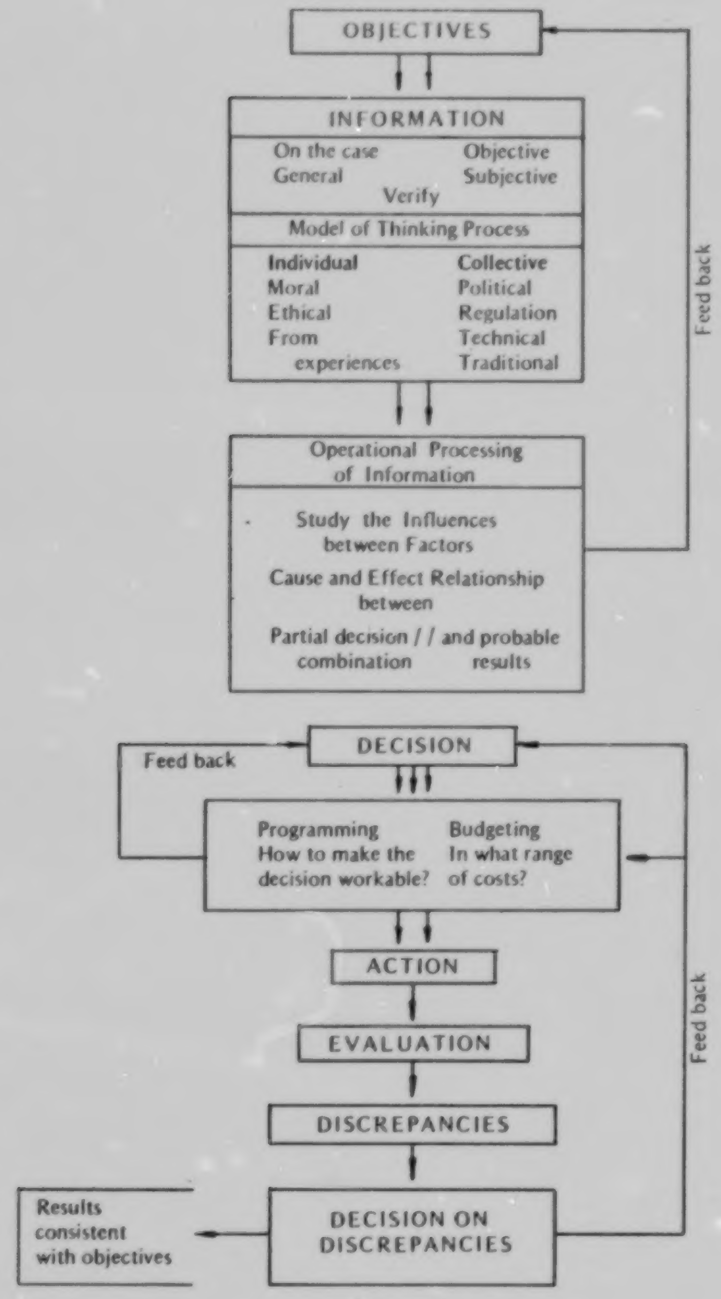
Hence, conclusions which can be drawn from the analysis are that:

(i) The champion seems to have instinctively found out the rhythm of alternating effort/rest which is the most favourable and the most suitable to him, in this type of sport and for this distance;

(ii) If other competitors adopted the same rhythm, perhaps they too would be able to obtain the same achievement; and

(iii) If tests prove this to be so, *it would suffice to slightly improve the performance on a part of the distance to beat the record.*

SCIENTIFIC DECISION-MAKING PROCESS
"From Objectives to Results"


OBJECTIVES
INFORMATION
On the case
General
Objective
Subjective
Verify
Model of Thinking Process
Individual
Moral
Ethical
From experiences
Collective
Political
Regulation
Technical
Traditional
Operational Processing of Information
Study the Influences between Factors
Cause and Effect Relationship between
Partial decision combination
and probable results
Feed back
DECISION
Feed back
Programming
How to make the decision workable?
Budgeting
In what range of costs?
ACTION
EVALUATION
DISCREPANCIES
DECISION ON DISCREPANCIES
Results consistent with objectives
Feed back

Application of the method

First stage: limitation of the best performance. The steps involved are:

(i) Breaking down of the total objective into partial objectives.

(ii) The mission of the athlete under training is no longer to cover 3,000 metres in less than N minutes. His mission is broken down under the form of a table of pre-determined steps:

First hectometre	in X seconds;
Second hectometre	in Y seconds;
Third hectometre	in Z seconds; and

doing neither better nor worse than these set targets.

(iii) This new mission is totally different from the first one: the athlete is no longer left to himself for many minutes but only for several seconds; and he is better able to relate effort to result.

During practices, communication from time-keeping stations to the athlete is continuously relayed by transistorized radio (ear-receiving apparatus). Instructions are reduced to brief and clear signs: e.g. to accelerate, to slow down, etc.

Results of the first stage. The purpose of the first phase is the strict imitation of a rhythm which had proved, through analysis, to be the best among different instinctive rhythms.

For the majority of athletes submitted to these experiments, the result will be improvement in their performance. There will, of course, be some who will find it impossible to carry on with the training programme.

Second stage: improvement. For those athletes who are able to continue with the programme, a new question is then asked:

Do they, at certain moments, feel the possibility of doing better?

For those who feel they can, a modified time schedule can be drawn up, which reduces by slight margins, the times allotted to certain schedules of the distance to be covered.

It is obvious that if the athlete thus guided simultaneously succeeds in:

(i) Imitating his opponent for most sections of the distance.

(ii) Outdoing him (if even by very little) for certain other sections, or even for one single section, he will beat the record.

This objective would not have been achieved if he was merely asked to "Push forward" — which represents too broad an objective; rather than the more specific objectives of pushing forward at certain points.

Experiments with human beings and animals have shown that intuition by itself is incapable of such subtleties, and that human intelligence can achieve targets of this nature through analysis of elementary phenomena; by solving small problems which arise one by one; and yet at the same time, these partial solutions must remain compatible (i.e. do not neutralize one another).

CONCLUSIONS

Modern management is in fact a science of intelligent organization of human competence, of scientific preparation of data for decision, and effective action for synergistic development of the enterprise to meet conditions for survival. These conditions are imposed on the enterprise by competition — and the results are improvement, renovation and innovation.

In addition, management consists of the mental aptitude of the person running the organization within a certain system, composed of man and means.

The Nation must be considered as an entirety of all organized systems: application of management methods in this system is necessary, though the methods may differ from State to State. The difference between traditional and modern management methods is that, under the latter, the synergistic organization of his reason, his faculty of creation, is encouraged so that he can the better express and improve himself, and thus make him the more willing to undertake his responsibilities.

APPLICATIONS OF BUSINESS MANAGEMENT SKILLS AND TECHNIQUES IN GOVERNMENT

Silvestre Sarmiento

INTRODUCTION

A common belief exists that the public sector lags behind the business community in the development and application of modern management skills and techniques. This belief may hold true in developing countries by virtue of their preponderantly traditional forms of public administration, but generally, the same cannot be applied to the governmental management systems of the more developed countries.

On the contrary, while government in the developed countries may take ideas and techniques practised in the business sector, some of these techniques and ideas are improved upon by government, sometimes to such a highly-sophisticated degree that the private sector finds it significant enough to re-adopt such methods back into its own systems — with the improvements made by government.

A marked characteristic of a highly-developed country is the similarity in management practices found in government and private business. This could be partly attributed to the fact that both the public and he private sector in a developed country is usually aware of the importance and efficacy of adopting a business-like approach, whether an organization is set up primarily for profit such as a private business firm, or exists for public service such as a government bureau.

Advanced economies grow out of mutually adjusted public and private sectors which are brought close together by years of flexible interchanges of personnel, ideas and methodology. Hence, they find it easier to equate business and governmental orientation along similar managment approaches than the less developed and economically retarded countries.

The need to adapt governmental systems, on the other hand, to the demands of economic development, which naturally would call for integration of innovative business management practices into public administration, remains a major problem of adjustment among the emerging countries of the world.

Evangelos John Rizos, WHO Adviser to Malaysia, incisively stated:

> Country development is a universal phenomenon of emergence in which new levels of reality and awareness are gradually evolving. Old countries are facing strong pressures to increase their standards of living and obtain optimum utilization of their natural resources and human assets. New ones, are, in addition, learning the meaning of independence — the joy to look after themselves and the obligation to make decisions and take action on matters that affect them. Country development, however, is not accidental. Setting in motion the processes of modern advance particularly when it is accompanied by conscious and resolute effort, places heavy demands on public administration . . . .
>
> To a greater degree than ever before, country development is placing new tasks on public administration and demands that new values and attitudes pervade its practical conduct.[1]

Characteristically, the less developed countries of Asia, Latin America, Africa and the less fortunate European States along the Mediterranean find these demands of change more difficult. Being more culture-bound to tradition, these countries adhere to the formalistic forms of government.

Rizos further indicated that country development presents a situation where the ordering of public administration cannot be based on past experience. New values and attitudes characterize public administration. Consider these observations:

> From the United Nations, "Development depends heavily on the quality of the administrative personnel available".
>
> . . . from the Mediterranean, "An efficient civil service dedicated to economic development, is indispensable to success . . . . The country studies therefore call for a reform of the governmental administrative framework and for experiments with new forms or organizations".

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[1] Evangelos John Rizos, "Country Development: The New Ethics of Public Administration", **International Review of Administrative Sciences**, Vol. XXI No. 4 (1965), p. 279

> . . . from Africa, "There is a growing realization throughout the continent that the administrative establishment must be radically improved if deliberate efforts to accelerate economic and social progress are to be successful, if coherent plans are to be drawn up and carried into execution."
>
> . . . from Asia and the Far East, "The implementation of a development programme rests ultimately upon the administrative machinery, and obviously there is no merit in drawing up a programme which cannot be implemented".
>
> . . . from Latin America, "The greatest promise from improvement lies in the widespread interest that is developing in most of the mid-American and South American countries in the problems of government operation and in the resultant willingness to introduce new procedures . . . ."
>
> "Though the dawn has been clouded and goals cannot be easily defined, the vitality of country development depends on the rejuvenation of public administration even in the darkness of insufficient knowledge and experience".[3]

In Southeast Asia, development of public administration actually occurred only after the growth of the independence movement. Gaining independence from western colonial powers, the Southeast Asian states, practically one after the other, began to feel the need to change governmental orientation along with a shift from colonial forms of government to self-administration.

Whereas before, government existed for the purpose of facilitating colonial exploitation of resources as well as keeping or maintaining relative calm conducive to exploitative forms of commerce and trade, independence brought greater demands for administrative changes and policy innovations as fast as development problems and economic crises arose.

A phenomenal identification of these socio-governmental problems of a transitional society is best illustrated in Fred Riggs' "Sala Model" where the problems of development were capsulized in what he called the "prismatic society."

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[3] **Ibid.**, p. 281

Among the transitional societies of today, a term which is applied to countries or societies working towards development, Riggs identified the following changes in administrative orientations:

(1) The shift from Normative to Empirical Approaches

> By a normative approach . . . the chief aim is to prescribe "ideal", or at least "better", pattern of administrative structure and action. This approach is implicit in most of the so-called "principles" of public administration. It reached its height in the "scientific management" movement . . . on the "one best way".
>
> As the study of public administration advanced, it became apparent that no simple formula of "efficiency" or "public interest" would provide adequate and chear guides to action. Hence, the literature of public administration became more and more cautious. It elaborated multiple and often conflicting criteria for action, gradually increasing its stress on empirical description and "exploitation" finally even abandoning the effort to prescribe . . . .

(2) The shift from Idiographic toward Nomothetic Approaches

> Any approach which concentrates on the unique case — the historical episode or "case study", the single agency or country, the biography or the "culture area" — is basically idiographic. By contrast, an approach which seeks generalization, "laws", hypotheses that assert regularities of behaviour, correlations between variables may be called nomothetic. Obviously these are polar types, and many studies fall between the extremes, combining idiographic and nomothetic elements in varied proportions . . . .

(3) From Non-ecological to Ecological Approaches – A Need

> John Gaus was one of the first to urge an ecological viewpoint in the study of public administration. Unfortunately, few appear to have taken his injunction seriously. For studies of American administration this is not a fatal weakness since, here, administrative institutions are sufficiently autonomous or detached from their total environment to enable them to be studied abstractly, although they could be explained in terms of their own structure and laws. For most countries of the

> world, however, this non-ecological viewpoint can only produce misleading impressions. Certainly, in traditional societies politics and administration can only be thought of as undifferentiated aspects of a total system.
>
> In modern, transitional societies, there has been a tendency to establish formal political and administrative institutions, but they remain formalistic. That is to say, effective behaviour is still determined, to a considerable extent, by traditional structures and pressures, the family, religion, and persisting socio-economic practices. Hence, it is possible to understand politics and administration in these non-administrative factors to the administrative.[3]

Thus, the problems of transition is poignantly recognized by Riggs in his unending search for structural models, but having been identified, remains to be solved by the people and the societies directly involved therein.

Evolution of Public Administration and Administrative Management in the Philippines

The Philippines had its first taste of colonial domination under the Spanish crown sometime in 1560 when the latter undertooks to administer the affairs of the natives of the archipelago. It is worth noting that the Spaniards came to the Philippines after Spain had some experience in the organization and government of her great conquests in Central and South America.

Spanish colonial administration had two special features which it had exported to its colonies. First, Spanish colonial ventures were as much religious crusades as they were projects for political or private aggrandizement. Second, the shape of political institutions, particularly those of the colonies, was determined by the authority of the will in contradistinction to the authority of historical custom or usage of the community.

> Spanish domination brought highly centralized national administration, which supplanted a highly localized form of government. The Spanish Governor-General exercised nearly regal powers and Spaniards monopolized public affairs. This

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[3] Fred W. Riggs, "Trends in the Comparative Study of Public Administration", **International Review of Administrative Sciences**, Vol. XXVIII No. 1 (1962), pp. 9-15.

colonial control ignored Filipino attemps to form political organizations. Efforts by Fillipino nationalists toward participation in government were met with indifference or hostility. Government machinery was created to enable exploitation of the country's human and material resources. Under such circumstances the development of liberal democratic ideas thrived only in the fertile minds of a handful of enlightened Filipinos.

There was virtually no educational or training programme in public administration in the Phiiippines before the establishment of the Institute of Public Administration in 1953. Some Filipinos had been exposed to the subject abroad and some read the standard texts, but intensive instruction is a recent development.

Many of those trained have not yet advanced to positions of sufficient rank that they require others to think as they do. They work among attitudes of disbelief and resistance, expressed by officials schooled in the old ways of politics and administration.

As promised, the Americans undertook to prepare the Filipinos for self-rule. They reversed the Spanish policy of exclusion and took steady strides toward popular self-government and autonomy. But as the Filipinos assumed more and more responsibilities in their government, they, by habit, tended toward central control and authority. American school teachers warned against perpetuating colonial theories of central direction, while, paradoxically, American administrators often continued many of the same practices. The Philippines had been under foreign rulers some 400 years.[4]

It is understandable, therefore, why, despite being Asian in nature, the Filipino adminstrator reflects a management trait distinctly European and American. Unlike his Asian brothers, he finds it easier to integrate Western management innovations with little judgment problems. However, this practice has also been a major problem, for while he finds himself at home in a Western atmosphere, he finds it difficult to solve his problems which are distinctly Asian in nature, requiring Asian solutions.

[4] Report by the Government Survey and Reorganization Commission, February 1955.

This inapplicability of Western ideas to the Oriental problem led the Filipino administrator to try out various management experiments.

The problems and experiences in management development in the Philippines have been analyzed:

> The need to raise the level of efficiency of management, at least in the government sector, has long been felt in the Philippines. An economic survey mission in 1950 recommended that
>
> "... public administration be improved and reorganized so as to insure honesty and efficiency in Government; that the civil service be placed on a merit basis and civil service salaries be raised to provide a decent standard of living; that the Philippine Government remove barriers to the employment of foreign technicians and take steps to improve training facilities lities for technicians in the Philippines ....
>
> Supervisory training courses should be inaugurated. In addition, in-service training programmes, a practical job rotation plan, and encouragement of employee suggestions for the improvement of government operations would contribute materially to better administration". [Quoted from a report to the President of the U.S. by the U.S. by the Economic Survey Mission to the Philippines, 1950.]
>
> The implications of the report are clear: as an underdeveloped country, the public sector is bound to play vital role in economic and social development; for the government to to able to play its role to the fullest, it must have competent managers and technicians; such managers and technicians can be had within a relatively short period of time only through on-the-job training and in-service training.
>
> The conditions after World War II still prevail, to a large extent, in the Philippines. Then, as now, economic and social development was an officially accepted public policy and the need for trained and competent managers is still as great, if not greater, today than it was two decade ago.[5]

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[5] Romualdo B. Tadena, "The Philippine Experience in Public Management Development", **Philippine Journal of Public Administration**, Vol. XIV No. 4 (October 1970), pp. 436-58.

Recurring also is the problem of the government in holding on to its personnel of executive calibre. The problem of fast turnover and transfer of able executives and young people of executive potentials to the private sector leaves the government weaker in terms of available managerial pool. According to a study:

> It seems that for the government to be able to attract and to keep the services of young people with potential, the salary scale in the public service should be comparable with that found in private industry. In addition to this, public agencies have to use positive means of recruitment and selection in order to broaden the base from which to select personnel which would one day man managerial positions.
>
> In this regard, the private industry in the Philippines will still probably enjoy for some time to come an advantage over the government agencies. The increasing number of graduates of business administration, their support of the programme of the Asian Institute of Management (which programme has an inter-disciplinary base), their willingness to collaborate with academia for training purposes and in the development of indigenous training materials, and their more sophisticated methods of recruitment and selection assure business firms of this advantage.[6]

The Budget as a Tool of Management

Among the innovations adopted by the Philippines in its massive management improvement programme in the 1950's, the performance budget proved to be of greatest potential both as a management tool for planning and control and as a basic instrument for a rational system of fiscal administration.

Evangelos John Rizos readily recognized the importance of budgeting and the budget as an important tool in country development. On planning and on the budget as a planning device, he stated that:

> Planning as a strategy for growth, is a dynamic and continuing feature in the development process. But planning for development is a many sided and uncertain phenomenon. It is a matter not for the development planner alone, but rather for cooperative response. It may be said that the ultimate

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[6] **Ibid.**, pp. 457-8.

promise of planning is found in the ability to balance the various goals of development and achieve the degree that will bring forth the greatest satisfaction to the people . . . .

The annual financial budgest is an instrument of central importance in the development process. While a Five-Year Plan may refer fairly specifically to the progress to be attained during this period, as well as to the measures by which it will be achieved, its realization is found not in the plan itself, but in the government's annual budget and related annual legislative and administrative provisions. This means that any long-term plan for development must be broken down into a series of annual development programmes integrated with the annual process of budgeting. What is pertinent at this point is that the annual budgetary process must reconstruct, year after year, the development plan.

In some countries, the various phases of the development plan have been incorporated in the budgetary process, in others it has been ignored. For example, Clair Wilcox reports that, in the Philippines, the Budget Commission prepared fiscal programmes with priorities that differed from those included in the development plan. In the case of Thailand, Wilcox reports that, "The development plan, approved by the Cabinet, supposedly influences budgetary action. And the Budget Bureau when reviewing an Agency's request for funds, does, in fact, regard the annual allocations contained in the plan as a constraint. The budget-making process, moreover, is said to have gained in recent years in competence and in integrity. But the planning and budgeting functions are not integrated; the budget is not subject to the authority of the development plan. The stronger agencies often get what they want, even though it is not included in the plan, either by persuading the Budget Bureau or by going over its head."

Annual development programming is also necessitated by changes which may occur either in the costing of programmes, or in returns from these programmes, or still in the availability of resources. It is through annual adjustments made in conjunction with the annual budgeting that development plans are kept in harmony with changing conditions. Furthermore, the composition of non-development expenditures is of importance because certain of these expenditures are needed to

> complement or to operate new programmes as they are completed. If new schools are built, funds for teachers must be provided. If new roads are constructed, funds maintenance must be appropriated.
>
> Without this administrative climate, there is no assurance that those aspects of development which required balancing of goals with expansion programmes, of outputs with inputs will be carried out. Traditional budgetary practices which reflect a frame of administrative reluctance constitute a rather bad procedural model. Its daily orientation may lead away from rather than towards development goals.[7]

Thus, in the Philippines, the budget is the most powerful tool of government in the introduction of improvements in the bureaucracy. To ensure that dynamism is maintained in the continuing process, built-in controls and management methods for introducing necessary changes are integrated into the totality of the budgetary system.

At present, the budget process as it currently operates in the government has the following major steps:

(i) **Budget Preparation**

- (a) Involves directly all agencies of the national government supplemented by the general fund.
- (b) Annually, the President sets forth programme and policy guides for the preparation of estimates by agencies of the Executive Branch.
- (c) The Budget Commission simultaneously prescribes standards, methods and procedures and a specified time for submission so government-wide summarization and comparison of budget estimates will be possible and will be accomplished when needed.
- (d) Within these limits the agencies prepare their own detailed requirements under policies and procedures prescribed by themselves and submit their estimates to the Budget Commission for review.
- (e) The Budget Commission reviews all estimates in the light of anticipated revenues, the soundness of the proposals made,

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[7] Rizos, op. cit.

the effectiveness of organization and management and their conformance to presidential policy.

(f) The Budget commission then recommends action to the President who makes the final decisions as to the content of the budget.

(g) Estimates of the legislative and judicial branches are incorporated in the budget by the President without changes.

(h) The approved estimates, along with numerous analyses and statements indicating the budget status of the government and the estimated impact of the budget on various aspects of national life, are forwarded to the Congress as appropriation request.

(ii) **Legislative Authorization**

Legislative authorization of the budget follows with detailed review of the budget proposals by the Congress and then their eventual inclusion in the appropriation act.

(iii) **Budget Execution**

This third step covers the operational phase of budgeting. During this phase, budgeting serves as one of the principal tools of management control.

(a) The first action in budget execution is the development of proposed operating budgets which indicate:

- the programme or work to be undertaken;
- the time within which it should be done;
- the manpower and other resources needed to do the work and finally;
- the peso amounts required to accomplish the proposed programme.

(b) Budget execution process serves management as the medium through which *plans for operation* can be developed and the feasibility and soundness of specific proposals tested against approved programmes and policies, desirable targets and goals and available resources and funds.

(c) Operating budgets can and should be prepared for organizational units (department, bureau, division or other units) having significant roles in carrying out programmes or projects.

(d) Operating budgets for organizational units within a bureau are summarized and in total become the bureau's operating budget.

(e) The total of the operating budgets of the bureaux within a department then becomes the operating budget of the department.

(f) In the final analysis, the total of all the departments' operating budgets becomes the operating budget of the government.

(g) This part of the budget process not only permits but requires all offices responsible for the direction and control of government activities to participate directly in the total management process of the government.

(h) When decisions are made at appropriate levels, firm operating budgets are approved at the various levels, and action is taken through the budget process to control and direct programme action in accordance with approved plans.

(i) In money terms, the Budget Commission issues allotments to all agencies as its part of this process and the agencies in turn, sub-allot to their various activities.

(j) Allotments and sub-allotments are made not so much to prohibit spending above certain amounts but rather to secure planned performance through sound use of resources made available.

(iv) Budget Accountability

This fourth and final step in the budget process consists of:

(a) Periodic reporting by the agencies of performances under their approved budgets.

(b) Top management review of government activities and the fiscal and policy implications.

(c) The actions of the GAO in assuring the integrity of officials and employees by carrying out the intent of Congress in regard to their handling of receipts and expenditures.[8]

It is significant that at the agency level, determination of work projects and the allocation of budget funds involve planning devices, such as planning staffs, committees and "management clubs"[9] found successful in private business practice. Of major importance, particularly at this step of Philippine economic development, is the Agricultural Plans and Programming Office set up in 1968 in the Department of Agriculture and Natural Resources, with Ford Foundation assistance. Another creation is the Presidential Development Budget Committee to answer the felt-need to insure harmony and consistency of ends and objectives of the annual national government budget and long-range development plans. This Committee, so far, has recommended an operational cash budget system to supplement the existing performance budget and to lay down the framework of a rationalized and comprehensive fiscal plan.

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[8] Philippines, Budget Commission, **Philippine Government Budget Operations Manual**, Manila, 1968

The use of linear programming to optimize utilization of scarce resources, of the waiting-line theory to determine cost of waiting-time as well as to analyze the advantages of acquiring new facilities, of sampling, of simulation, and of inventory models, out of the many management techniques of analysis applicable, are now part of regular operations in several government agencies.

Among the agencies applying these techniques successfully, because of the nature of their functions, are the Armed Forces, the Bureau of Supply Management, the Department of Agriculture and Natural Resources, the National Food and Agriculture Council, the Infrastructure Operations Centre, the National Computer Centre, the Bureau of Public Highways and the Bureau of Public Works.

Other Refinements in Management Techniques in the Philippine Government

The performance budget is but one of the first management techniques adapted in the Philippine governmental systems. New technological advances in the field of management tried and used in the private business sector have also been resorted to and freely utilized with the necessary innovations, into the operations of government.

Among the most successful innovations borrowed from the private sector were the use of programme evaluation and review techniques and the critical path method (PERT/CPM). Adaptable to most large-scale projects of the government, these new planning and control devices met relative success in their application to several government programmes, principally in the area of public works.

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[9] For further particulars of these planning devices see David W. Ewing, **Long-Range Planning for Management**, New York, Harper and Row, 1964, pp. 49-51.

As had been reported, following successful adaptation during World War II, PERT was used between 1956 and 1958 for the US Navy Department, to keep track of the thousands of details involved in the development of the Polaris submarine missile. Using a network flow chart with built-in uncertainty, there are three estimates of the time needed to complete each task: an optimistic estimate, a normal one, and a pessimistic one.

> CPM was designed in 1957 by Remington Rand for Du Pont for the use in scheduling the construction of a chemical plant. CPM uses a single estimate of the time each task will take. Both techniques diagram the events on a network.
>
> The key concept of both techniques is the critical path as it determines which jobs should be rushed in order to get early completion of the whole project: and, conversely, which jobs if slowed down will delay the completion of the project.[10]

Ideally suited for big-scale projects particularly those which require multi-agency participation with complex funding systems, PERT/CPM proved to be the ideal tool for project coordination. In the Philippines, the successes met by the various coordinating bodies of the Philippine government, such as the Infrastructure Operations Centre, charged with coordinating the various inputs of the massive infrastructure building programme of government, and the National Food and Agriculture Council (formerly the Rice and Corn Production Coordinating Council), charged with coordinating the various government agencies involved in producing the vital cereals and other principal food, clearly illustrate the importance of PERT/CPM when vigorously and appropriately applied.

Computerization and Management Information System

Until the coming of the 'sixties, the impact of computerized management was not greatly felt in the Philippines. However, the demand for faster service, the need for more accurate and rapid data processing and the growing awareness of the more practical possibilities which could be afforded by computerized operations led the government to computerize certain aspects of its operation.

This trend towards computerization and the increasing applications of other innovative management techniques has been observed.

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[10] William J. McLarney, **Management Training: Cases and Principles**, Homewood, Illinois, R.D. Irwin, 4th edition, 1964, pp. 210-1.

> In the last decade, Philippine public administration availed itself of certain modern management techniques to accelerate development. The range of such techniques employed includes PERT/CPM, operations research, data processing, sensitivity training and other forms of group dynamics, cost accounting, performance budgeting and so on. Linear programming to a limited extent is also being used.[11]

A recent survey reveals that some seventy-two computers are being utilized in the country. Forty-four of these are used in business and manufacturing firms, including banks, insurance compaines, schools and in chemical and food processing firms. Twenty-eight agencies of the government have been supplied with computers.

Despite the seemingly wide use of computers both in the public and private sectors, however, many managers, even those where the computer is already being used, still fail to see the significant role which the computer can play in the organization.

A precise understanding of the role of computer is clearly shown by Dudley W. Jones, of W.D. Scott and Co. Inc., Australia, who said:

> If we are now to consider in some depth the role of the computer in relation to management, it is first desirable to define that role.
>
> The use of computers today covers a tremendous field of endeavour, a field which is constantly expanding and the limits to which cannot be envisaged at this stage.
>
> Many of these uses of computers are in the field of management. Many more are outside that field. However, today I wish to restrict my remarks to that area of management with which most of us at this Congress are likely to be primarily concerned. This is the management involved in normal commercial operations such as manufacturing and merchandising. The remarks may have application in wider fields but it seems to me there is a need to define and discuss the role which the computer can be expected to play in the management of these down-to-earth, normal commercial operations.

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[11] Carlos P. Ramos, "The Use of Modern Management Techniques in the Public Administration of Developing Countries: Philippine Experience", **PJPA**, Vol. XV No. 1 (January 1971), p. 12.

The definition is, therefore, restricted to this. Again, of course, there can be many definitions but, for the purpose of these remarks, I have defined the role of the computer as:

- to assist management today to operate its business more efficiently and profitably, and
- to assist management today to operate its business more efficiently and profitably, and
- to assist management, in its planning of the future, to devise ways and means of maximizing the effectiveness of that future.[12]

In the Philippines, it was noticed that although computerization has set in many vital government operations where electronic data processing could facilitate services, a lack of central control, common direction and proper orientation have prevented optimum utilization of modern equipment. Coupled with problems of adequate manpower with appropriate training in the field of modern management technology, computerization has spawned problems of their own. As Dean Ramos of the University of the Philippines has observed:

> Most of the computers in use in government administration and public enterprises are of the small variety. With exception perhaps of those in two or three agencies, the computers in most of the others are being utilized to only about 50 per cent. capacity. These are agency-oriented computers. They are not linked to any central system. There is not a proposal before the Philippine Reorganization Commission for their integration into a central system.
>
> Although advances are being made in the use of modern management techniques generally by the government's central management staff, several basic problems await resolution mainly through experience. For one thing, some policy issues tend to be analyzed in terms of the classical economic rational models which may often be unrealistic in the context of local political and social realities. For another, the decision-makers to whom the findings are presented do not seem to fully accept the techniques used. This results in depreciating somewhat the validity of the outcome. Furthermore, inadequate

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[12] Dudley W. Jones, **Papers on Impact and Role of the Computer on Management**, Philippine Management Congress, Asian Institute of Management, 1970.

> time is usually given . . . in dealing with policy issues. Crash reports may not have the benefit of careful analysis.
>
> Another problem concerns the lack of personnel trained in the new management technology. Those trained in the management science tend to be drawn to the private sector rather than government because of the higher salary scales and better conditions of work. Aggravating the problems is the phenomenon of "brain drain" where those trained abroad remain or return there for better opportunities for professional advancement and financial rewards.[13]

A recognition of this lack of central integration and an awareness of the near impossibility of providing each important government agency with the necessary trained personnel have given rise to a recommendation to centralize computerized information into a manageable central information system.

As explained by Cesar Lorenzo, President, Philippine Statistical Association, the idea of management information system is quite new, particularly in the Philippines. He discussed management information systems in the following context:

> The concept of management information systems is relatively new. As one of the systems in the growth and development of systems, substantial interest has been generated by executives who view it as something that can help management decision-making process. Despite this interest, however, few management information systems have actually been implemented. One reason is that his system has become a label without a precise meaning, often used for only its prestige value.
>
> As originally conceived, a methodology for implementation of management information system is information technology or computer technology. In fact, the concept has its origin in the computer which can process a massive data base for management use.
>
> Management information system may therefore be defined as a system that can provide the required information, data or statistics, useful for management decision-making process.

Ramos, op. cit.

> Only a part of the required information will be provided by the computer because an attempt to provide all would not be economically justifiable.
>
> In Management decision-making process, methods and techniques used to arrive at a basis would require the information needed to a particular problem situation. Management information systems provide the information required for a specific method or technique in the process for making a decision. The scientific method which has often been used as a quantitative analysis technique in a management process is operations research which is sometimes called management science.[14]

The problem of setting up a Centralized Management Information System is well taken but the full evaluation of its impact on the totality of governmental project implementation may not be immediately possible until its total effect has been felt and the plan to centralize has been fully put into execution. As Manuel Alcuaz, President of Decision Research Corporation has admonished:

> The development of applications and system which will provide management with improved information for planning, decision, and control will not be an easy task.
>
> It will not be sufficient to simply computerize present procedures. In order to make effective use of computer capabilities, the new systems will have to be designed with the organizational and management system requirements in consideration.
>
> This means that management will have to be actively involved in the definition of the system requirements and that the system designers will need an intimate knowledge and understanding of management and the organization.
>
> Management involvement will not be limited to the requirements definition phase. In order for the new systems to become useful tools, management will have to be deeply

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[14] Cesar Lorenzo, "Management Information Systems, Control and Statistics", paper delivered before the Philippine Management Congress, Philippine Statistical Association, 1970

> involved in the user education, conversion, and implementation phases, too.[15]

He added that in recent years, many writers have concluded that the development of computerized management information systems will dissolve management's problems. This conclusion is based on five erroneous assumptions:

(i) Managers critically need more information.

(ii) Managers need the information they want.

(iii) If a manager has the information he needs, his decision-making will improve.

(iv) Better information communication improves organizational performance.

(v) Managers do not have to understand how their information systems work.

If management's main difficulty were lack of information, then the present emphasis on MIS systems with remote capture of information, data banks, coding and indexing systems, time sharing and data management software will solve most of management's problems.

However, in many cases management's problem is not lack of information but over-abundance of irrelevant information.

What management really needs is not a system to create more information, it needs a system to screen and summarize information. Unfortunately, the design of these systems does not require advanced knowledge of computer hardware, software, or programming — it requires an understanding of management problems and decision procedures.

For a manager to know what information is needed implies that he knows the types of decisions he will have to make. Most managers do not know what information they need and therefore, tend to play it safe by asking for much more information than they need. The system designer in turn usually adds more information anyway, just for show.

> In order to specify the information acquired, the system designer must understand the organizational system and the decision processes involved.

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[15] Manuel Alcuaz, "Impact and Role of Computer in Management", paper delivered before the Philippine Management Congress, 1970.

> Another misconception is that if a manager has the information he needs, his decisions will improve. Unless the manager has some means to analyze the information presented to him, all his information may just lead him astray.
>
> Finally, many management information systems men assume that the manager need not know how the system works, only how to use it. In many cases, systems have failed or malfunctioned simply because managers have felt incompetent to check them out. And in many more cases, expensive MIS system have fallen to misuse because of lack of confidence on the part of management.[16]

With an eye to maximizing the use of available useful information, computer systems and trained personnel, the government established a national computer centre so that where coordination, direction and full utilization of computer system do not exist, such as in the almost spontaneous sprouting of fully-computerized and semi-computerized government operations, the National Computer Centre may step in to provide order and purposeful methods.

It was reported that the Philippines as a developing country has a far greater need for computers than that of developed countries as the use of her resources is far more critical than those of the developed countries like the United States, Japan and West Germany. Limited resources must be utilized in areas where their impact will be greatest to national development, and it was pointed out that computers can provide the effective tool in achieving this.

The Centre was established in February 1969 to rationalize computer utilization in the government. This was accomplished when the Presidential Economic Staff (PES) and the Department of National Defense (DND) pooled their facilities to form the PES-DND Computer Centre with the Presidential Economic Staff providing the equipment and the Department of National Defense the physical facilities. This joint project was aimed principally at serving the needs of PES and DND, but other government agencies were encouraged to use their facilities and skilled personnel. The initial efforts were very encouraging. Government offices which could not afford to install their own computer equipment were the first to avail themselves of the Centre's facilities. The number of users continued to increase. Within two years the Centre had developed and maintained some twenty information systems and served some

[16] Ibid.

thirty government agencies and its equipment logging an average of more than twenty hours a day, seven days a week, according to reports.

The creation of the National Computer Centre was based on the following assumptions:

- As a developing country, the Philippines is bound to remain a computer importer within the next decade, and the resources of the government to support importation of data processing equipment is limited;
- Present government personnel could be trained to operate the information system; and that
- The magnitude of government planning and implementation tasks warrant such a system.

Translating these factors into implementation specifics, the following guidelines were adapted:

- Information processing in the government was to be integrated under an agency responsible for evaluation, planning and coordination of all EDP activities;
- The programme would be directed to the computerization of vital information systems in support of development activities; and
- Complete reliance on Filipino expertise in systems analysis programming, computer operations and management.[17]

The Centre pushed through the expansion of its capabilities in terms of personnel development, computer hardware and physical facilities. By early 1972, computer capacity increased sixteen times with the added capability for on-line operations. Hand-in-hand with the NCC expansion is the installation and operation of three programme-oriented computer systems, the Department of Agriculture and Natural Resources (DANR) Computer Service Centre for Agricultural Productivity, the Philippine Crime Information Centre (PCIC) Computer installation for law enforcement, and the Civil Aeronautics Administration-Philippine Air Force (CAA-PAF) Computer Service Centre for aviation development.

Management Consultancy in the Government

Another management practice worth mentioning adopted from the private sector is the idea of continuing management consultancy. A review of the operations of the top ten business corporations in the

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[17] J.M. Sanchez (NCC Director), **A Brief on the National Computer Centre**, 1972

Philippines disclose that in addition to having their own staff of management and systems analysts, the services of external financial and management consultants, like Sycip, Gorres, Velayo and Company have been retained.

For this particular purpose, the government, through a general reorganization, created the Management Service in the Budget Commission charged with the sole responsibility of providing the needed management consultancy service at all levels of government.

Aside from conducting management audits, systems and procedural analysis, organizational feasibility studies and other consulting services to the various sectors of government requiring such services, the Management Service, which is a major management staff arm of the Budget Commission, also actively participates in the budget process. The Management Service sees to it that the budget appropriately serves as an effective tool for management planning and control — giving emphasis and necessary support to government sectors where expansion is needed while controlling and limiting bureaucratic growth where growth is unnecessary.

The rationale for creating the Management Service and giving it the functions it exercises today is best explained by the report of the Government Survey Reorganization Commission which recommended its creation:

> In the opinion of the Commission, there are three major obstacles to the improvement of management practices in the government today:
>
> 1. **Leadership**
>
> There is no one office or official in the government responsible for promoting good management or empowered to take steps to achieve it. Efforts made thus far have been scattered and uncoordinated and most of those noted by the Commission were made under the direction of strong administrators at department or bureau level.
>
> 2. **Motivation**
>
> There is little incentive for government employees to do their jobs better. The present performance evaluation system fails to recognize outstanding performance. Job security appears to be affected slightly, if at all, by job competence.

Promotions depend more upon the availability of the right "item" than upon good performance. There is every reason why government employees should fear efficiency and economy and few reasons why they should promote it.

3. Legislative Restrictions

This takes three forms. First, Department Secretaries and other agency heads usually are not given sufficient authority to manage their organizations effectively. Second, public laws frequently confuse and obstruct good administration either by their extremely broad language or by their specific detailed restrictions. Third, political influence is ever-present, to the extent where many agency heads are reluctant to initiate management improvements which may adversely effect influential employees or curtail popular activities.

The Commission concludes, therefore, that these three obstacles must be overcome if the Executive Branch is to be managed efficiently and economically. The recommendations contained in this report are designed to provide the leadership required, to assure government employees some degree of recognition for good performance and to grant sufficient authority to the heads of major entities for improving the organization and management of their agencies.

Recommendations on General Policy

A. Strengthen management and planning entities of the Executive Branch and develop them as management arms of the Chief Executive.

B. Inaugurate and promote a permanent high-level programme for the continuous improvement of methods, techniques, standards and practices utilized throughout the government.

Recommendations on Organization

1. Create a Council of Administrative Management to improve administrative management techniques and provide leadership to all entities of the Executive Branch in seeking solutions to management problems.

2. Create an Organization and Methods Division in the Budget Commission to provide technical guidance in

management improvement to other government entities.

3. Designate a management assistant in each regular department or other major entity, responsible for assisting the head of the entity in promoting efficiency and economy.
4. Establish in each major entity an Organization and Methods Division, or other appropriate staff unit, to provide technical assistance in the promotion of efficiency and economy.[18]

Position Classification and Salary Administration

Along with the creation of a management service to take care of governmental management improvement, the aspects of position classification, wage administration, and especially, of personnel administration, all underwent a drastic reorientation.

Previously patterned after the European and British career systems where position classification and salary scales are determined by rank or grades, e.g., first grade, second grade, third grade, etc., the system of position classification was changed to specific occupational groups, and position classes were geared towards enhancing skills specialization and identification.

With the basic principle of "equal pay for equal work", the government undertook a new approach towards personnel administration with a view to developing a definitive system amenable to the changing skills and qualifications requirement directly proportionate to the rate of operational modernization. This is a practice adopted from private industry which the Americans readily recognized as being more functional and practical and which the Filipinos also found to be advantageous.

To administer this new system of position classification, the Wage and Position Classification (WAPCO) was created under the Budget Commission. The rationale, of course, in putting it under the Budget Commission is to maximize on the functions of the Office which is already strengthened and reoriented to meet the increasing demands of government management improvemnt.

The pooling of the WAPCO, Management Service and the substantive budgeting function exercised by the Budget Operations Service under the Budget Commission added to the great potentials of the budget as a real planning and controlling tool of management.

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[18] Reorganization Plan 19-A; **Management Practices: A Report by the Government Survey and Reorganization Commission,** 1956

The Coordinating Bodies: A Study in Production Synchronization

A remarkable adaptation of production coordination as practised in the business sectors, most particularly, by the supercompanies of the Western countries which have attained synchronization of operation to a very sophisticated degree, is the creation of coordinating councils. These are designed to provide maximum drive towards production for the various government agencies involved in vital areas of agriculture and public works.

Under the concept of a superbody imposed over the regular line departments and bureaux of the government, the coordinating councils, particularly the Rice and Corn Production Coordinating Council (now expanded and renamed National Food and Agriculture Council) and the Infrastructure Operations Centre are two of the most recent innovations in government operations.

Highly dependent on the strong personality and drive of its action officers who were technically backed by the heads of the various participating agencies, the RCPCC and the IOC were able to gain remarkable inroads in vital production efforts of the government, which, previous to their creation, had been up against a blank wall, suffering from production slumps.

A very good analysis of the workings of this organizational phenomenon — the coordinating council — made by Mrs. Albina-Manalo Dans of the Philippines Civil Service Commission, is appended to this paper in summary form (Appendix I).

Impact of the RCPCC and IOC Experience on Government Operations

Having tested the facility and efficacy of directing massive and complex operations through the clearing house — coordinative approach of the stated coordinating councils, the Philippine government once more found an opportunity to apply and improve upon the adopted idea.

This time the problem was more urgent and the consequences of failure grimmer. This was the direction and coordination of massive relief operations in Luzon, the most populous and biggest island in the Philippine archipelago, for the victims of typhoons in 1970. This led to the formation of a central operations centre to take care of the details of agency operations and participation.

This gave birth to the newest coordinating body — the National Disaster Coordinating Centre.

Very similar to the other coordinating bodies, the NDCC was given the following express authority by the President of the Philippines:

> All government agencies are hereby directed to implement and execute rescue and relief operations in accordance with existing operational plans. A government rescue and relief coordinating centre is hereby established at Camp Aguinaldo, Quezon City, whose responsibility it shall be to oversee, coordinate and direct rescue and relief operations, utilizing for the purpose all available and necessary material resources, equipment and manpower of the Armed Forces of the Philippines (AFP), those of other government agencies and those that can be generated from the private sector.
>
> The government coordinating centre is authorized to call upon all departments, bureaux, agencies or instrumentalities of the government, including government-owned or controlled corporations, as well as the private sector, to give the necessary cooperation and assistance for the successful prosecution of this proclamation.[19]

Within the brief span of its existence, it has proven itself to be a worthy arm of government, particularly in operations involving relief and rehabilitation where time is of essence.

CONCLUSION

In the Philippines, the volume of interchange of new ideas and the people to go with it, is a clear indication of greater personnel mobility.

If the signs of the last decade, and the present situation, are to be considered, a very flexible situation exists whereby an elite corps of trained executives, "technocrats", as they are now called, will be freely migrating from the private to the government sector and *vice versa* as often as the need and the opportunity arise.

This trend has already been established in the past when people such as Hechanova, Fabella, Sixto Roxas, the Viratas, Licaros, Tanco and others well-known in the private sector were taken in at the higher managerial levels of government.

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[19] President Ferdinand E. Marcos, Proclamation 750, series 1970.

The trend, however, was not one-way, the private sector has been getting their own share of "technocrats" who have gained training, insight and experience in government. The traffic between the private and government sectors have in fact increased with some people serving in either sector more than once, indicating a high degree of mobility.

This mobility, which implies a liberal infusion of new ideas coming in with the people from the private sector did not go unnoticed. Thus,

> The emergence of technocrats has been marked mainly by the creation of new planning agencies in the government, notably in 1962 and in 1967. In the intervening period, technocrats appeared also as leaders of organized business. They have been exponents of French-style planning and economic modernization which feature both state direction and a prominent role for private business.[20]

This could indicate that a higher level of development is about to be achieved in the Philippines — in the field of management and public administration. Whereas governmental management was once considered distinct and separate from management of industries or other entrepreneurial endeavour, a synthesis of the two types of managers, i.e. the business manager and the public administrator, is fast coming into its own.

This could augur the beginning of a new phase of development, for, where people, particularly the executives, are mobile, quick generation of ideas with subsequent interchanges both of concepts and practices can be expected.

It is, of course, expected that such interchanges would hasten the process of development in the Philippines as more and more traditional constraints are overcome.

When such a state of mobility has been reached where not only executives but also ideas and practices from one sector are introduced into another or *vice versa* with relative facility, certainly the state of complete development would not be too remote.

In the Philippines, where development involves practically a race with time and where there is no alternative but to answer to the needs of a growing revolution of rising expectations, the government has no choice but to borrow techniques and methodologies where such borrowings are feasible.

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[20] Romeo B. Ocampo "Technocrats and Planning: Sketch and Exploration", **PJPA**, Vol. XV No. 1 (January 1971).

Since the object of development is the amassing of wealth and capital enough to boost the nation into the take-off point towards self-sufficiency, an objective which is paralleled only by an aggressive private business enterprise, the government finds it more and more necessary to run its operations in a more business-like manner and to adopt the planning, control and general management techniques of the business sector.

Deena R. Khathate, IMF advisor on Central Banking System, recognized this need of government in a developing country to integrate all factors and to engage in factor combination to attain the ends of development. Khathate analyzed the nature of management in developing countries thus:

> The efficiency of factor combination may be considered as a function of management and the organization of productive activity and can be called a third factor of production, no less important than labour and capital. This third factor must itself be considered qualitatively; the growth performance of the economy will not necessarily improve by the mere accumulation of managerial and organizational talent through, say, a spread of general and university education. In a large number of developing countries in Asia, such as India, Pakistan, Ceylon, the Philippines, and in some of the Latin American countries, such as Argentina and Brazil, there is no dearth of managerial ability as such, i.e., persons of good natural ability and general education. Yet these potential managers have not been able to contribute to the improvement of their national growth performance as much as they could have if they had been sufficiently oriented toward accomplishing their principal tasks.
>
> Because of the conscious direction of the economy, through formulation of either imperative or indicative plans, it is the problems of management external to producing units that have come to the forefront in many developing countries. Both the exigencies of modern technology and an increasing concern with the quality of life have led to a conscious, direct governmental control, albeit within a varying margin, of the economies

> in the developed countries, and even more so in developing countries. The pervasive intervention of the state in economic activity may in some countries have been rooted in political dogma, but it is based also on a practical sense of the needs of developing countries. For one thing, the developing countries have to try to telescope their economic development process to escape the explosive situation created by population pressure. Furthermore, the world many of them live in is altogether different from the world of perfect markets with which economists deal. The market imperfections make the prevailing prices a poor guide to the allocation of resources. The state, in such a situation, is envisaged as having a duty to minimize, if not remove, the severity of market imperfections — though often in practice it does the opposite. Thus, the process of economic growth in less developed countries has to be a socially motivated process.[21]

At this juncture, it could be said that the Philippines, as part of its governmental policy of achieving maximum development, veered more and more towards the adoption of private management techniques — to control economic development.

A noteworthy innovation along this line is the creation of the Board of Investments. Largely to provide a medium of order in the excessively freewheeling economy of the Philippines as fostered by the attitude towards unrestrained capitalism inherited from the Americans, the government created the Board to regulate economic development through a system of incentives and added benefits.

Completely adopting the pragmatic view of the businessman in evaluating viability of applicant industries, the Board has infused the necessary outlook towards business in government which is an imperative if government is to succeed in persuading the independent-minded and profit-motivated investors to develop selected areas of the economy.

Viewed through the eyes of a public administrator, who has been afforded the opportunity to witness closely and to actually participate in the development of progressive management policies, the current trend in the Philippine government — now liberally inclined towards the adoption of more practicable management methods as well as innovating approaches on its own — surely should augur well for the future.

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[21] Deena R. Khathate, "Management in Developing Countries", **Finance and Development**, No. 3 (1971).

APPENDIX I

THE COORDINATING COUNCILS, A STUDY: THE RICE AND CORN PRODUCTION COORDINATING AND INFRASTRUCTURE OPERATIONS CENTRE *

The situation of interdependence created by the growing complexities of organizations has caused the emergence of administrative bodies designed to promote and foster coordination. Where it is no longer possible to contain by departmentalization the reliance of the function upon another, it has become necessary to create an extra body a council or a committee, to undertake the remaining coordination.

In the Philippine situation, this approach has been brought to bear upon a vast array of problems ranging from the very urgent ones like rice and corn production, community development, sugar production, infrastructure operation, maintenance of peace and order, to relatively less significant public amenities. As early as 1954, during the time of President Ramon Magsaysay, this coordinating mechanism was given ample attention, as exemplified by the creation of the Community Development Planning Council. Similarly, President Carlos Garcia initiated the Rice and Corn Coordinating Council (created by R.A. 2084) which was later changed by President Diosdado Macapagal into the Rice and Corn Authority.

The RCPCC and the IOC provide much grist for a researcher's mill. Both appear to have achieved success in a line in which previous coordinating bodies have failed. All over the country are strewn concrete evidences of their success: more roads and bridges, schoolhouses and other infrastructures and a better than average rice and corn production. Provided with practically the same pattern of funding, staffing and organizational structure as their earlier counterparts, the RCPCC and the IOC seem to have utilized these to advantage in a manner their less fortunate predecessors had not. Because of these contrasts and developments, the two coordinating bodies deserve closer scrutiny.

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* By Mrs. Albina Manalo-Dans, Civil Service Commission. Paper presented at the U.P. College of Public Administration for Public Administration week 1969: **The Coordinating Councils: Rice and Corn Production Coordinating Council and the Infrastructure Operations Centre.**

RICE AND CORN PRODUCTION COORDINATING COUNCIL

Rationale

On 14 June 1958, Congress enacted the Rice and Corn Production Act. Section 2 of this Act declares explicitly what was then, as now, an overriding concern of government:

> It is hereby declared to be the national policy to attain self-sufficiency in rice and corn at the earliest possible time and to provide adequate measures to insure permanent stability in the production of these cereals by marshalling all government agencies to increase rice and corn production at minimum cost.

To achieve this objective, a four-year rice and corn production programme was planned and executed under the management and control of a Rice and Corn Coordinating Council (RCCC).

In 1964, when President Macapagal instituted a rice crash programme he issued Executive Order No. 62 which created the Rice and Corn Authority and took over the functions of the RCCC. When the Marcos administration took over, the Authority was in a moribund state. President Marcos immediately revoked Executive Order 62 and remobilized the RCCC, first, by giving it a new name, RCPCC, and then, by designating it the sole authority and power to take charge of the rice and corn production programme.

Structure

At the apex of the Council sits the Secretary of Agriculture and Natural Resurces as Chairman and Coordinator of the Council. He is assisted by the following Council members: Director, Bureau of Plant Industry; Director, Bureau of Soils, Commissioner, Agricultural Productivity Commission; Chairman-General Manager, RCA; Dean, UP College of Agriculture, UPCA; Administrator, Agricultural Credit Administration (ACA).

In addition, a number of government agencies have been tapped to give support to the Council, i.e., Presidential Economic Staff (PES) Budget Commission, National Irrigation Administration (NIA), Irrigation Service Unit (ISU), Presidential Arm on Community Development (PACD), Rice and Corn Board (RICOB), Office of Statistical Coordination and Standards (OSCAS) the National Economic Council (NEC), Central Bank, Development Bank of the Philippines, and Philippine National Bank.

The International Rice Research Institute at Los Banos assists in rice research and training of farm technicians. USAID extends financial assistance to the programme as do elements of agro-chemical suppliers and farm equipment dealers who cooperate with the programme within their respective spheres. The Philippine Sugar Institute, the Cement Institute, religious and civic and other associations have likewise joined the effort.

Planning

Planning in the RCPCC is undertaken by the Council sitting as a body, with the Chairman and Coordinator presiding. Subsidiary plans, however, are done by each cooperating/implementing agency. For example, plans relating to the production, administration, purchase, and sale of certified seeds are made by the Bureau of Plant Industry. These plans, however, are subject to the review and evaluation of the Plans and Programmes Office of the RCPCC technical staff. Such review is made to determine whether or not an individual programme is in conformance with the overall rice and corn production programme. At the same time, the office conducts continuing research and study of problems affecting rice and corn production to update or make refinements on the approved programme or make re-programming recommendations.

Plans, programmes and policies and any subsequent changes in them are communicated to the employees at the area and provincial levels largely through field teams which are deployed to Northern Luzon and Cagayan Valley, Central Luzon, Southern Luzon and the Bicol Region Visayas and Mindanao. These teams, likewise, conduct frequent inspection of RCPCC projects to evaluate their progress and provide feedback to the programmers. They work closely with the area directors and provincial directors to bring the RCPCC closer to the working level.

Community Participation

One dimension of RCPCC operations which is considered significant is the bridge of understanding that it has built between the organization and the people. By allowing the private sector to initiate moves to increase rice and corn production, it has for proper perspective the appropriate role of government in development — to generate a climate that will encourage people to free themselves from unnecessary dependence on a remote bureaucratic apparatus and liberate local communities from the notin that they cannot help themselves.

INFRASTRUCTURE OPERATIONS CENTRE

Rationale

While the RCPCC is a reinvigoration of an already established organization, the IOC may be said to be fairly starting from scratch. Its establishment was deemed necessary in the light of what the President deplored as a "lack of proper integration, coordination, monitoring and evaluation of various projects under the economic development programme". We are not short of grandiose schemes for improvement, but we lack the foresight and the will to implement these schemes in the proper way, the President said in effect. In a directive issued to the Undersecretary of Public Works, 31 May 1967, the President saw to it that a formal structure was set up to provide for such lack in coordination. This led to the formal establishment of the IOC.

Structure

The IOC is part of a larger system known as the Project Execution System. This is made up of the Executive Committee, Project Implementing Agencies, IOC and Regional Project Coordinators.

The Executive Committee is composed of a chairman, the Secretary of Public Works and Communications; three vice-chairmen, the Undersecretaries for Public Works, for National Defense, and for transportation and Communications; and the following members: Commissioner of Public Highways, Director of Public Works, Director of Civil Aviation, Director of Telecommunications, NIA Administrator, NPC and National Waterworks Sewerage general manager, Commanding General of the 51st engineer brigade, AFP; and other agency heads with major active projects.

The IOC which serves as the technical staff of the Committee has a chief Operations Officer, Operations Officer for Project Monitoring, Operations Officer for Performance Evaluation, Operations Officer for Equipment and Materials, Administrative Officer and other technical and administrative personnel.

At the field level are the regional project coordination with headquarters in Baguio City; San Fernando, Pampanga; Pasig, Rizal; Manila; Naga City; Cebu City; Tacloban City; Cagayan de Oro City; and Davao City.

RCPCC AND IOC: SOME POINTS OF SIMILARITY

Nature of Coordinating Function

As coordinating bodies, the RCPCC and the IOC perform this function through *plan* and *feedback*. In the March and Simon formulation, coordination by plan involves the establishment of schedules for the interdependent units by which their actions may then be governed; coordination by feedback involves the transmission of new information during the process of action.

The IOC and RCPCC did not come up from the ashes of disaster but they were established in the wake of a national awareness that the country could be gripped in a crises of hunger and poverty unless the nation produced more of the basic staples and launched other economic development programmes. By dramatizing the issues and providing the example, the government was able to release energies, both public and private, on a far larger scale than previously experienced.

Recognition of personnel competence

The personnel comprising both organizations come from the implementing agencies and are either on full-time or part-time detail, depending on the exigencies of the service. A small bulk of the administrative and clerical personnel has been hired on a temporary basis. Generally, however, the selection and recruitment of the technical personnel has been made on the basis of technical competence and qualifications. At the RCPCC, the Chairman and Coordinator makes the appointments upon recommendation of the Executive Director. In turn, the implementing agencies make recommendation to the Executive Director. In the IOC, the President himself made the assignments on recommendation of the Secretary of Public Works and Communications in Administrative Order No. 113 dated 4 March 1968. In both agencies, however, a handful of personnel have requested for the detail themselves for one reason or another. Considering the urgency and importance of the programmes in relation to the overall economic development programmes of the country, selection for assignment to RCPCC and IOC have been taken with something akin to pride by majority of the technical people.

Initial Success

The initial benefits reaped from the RCPCC and IOC programmes indicate that when a handful of technical experts are grouped together and are involved in a programme that has been stamped as urgent and crucial to national survival by no less than the highest magistracy of the land, then one comes up with an almost surefire formula for success. But aside from these initial rewards have come far more gratuitous after-effects. The vigorous thrust initially made by the people responsible for it has likewise rubbed off on the succeeding groups of people now identified with the programmes

APPENDIX II

CURRENT PROBLEMS OF PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED MANAGEMENT SOLUTIONS

Business has long realized the value of management and, especially, continuing management education. The urgency of competition and profit-motivation led to the development and application of management techniques.

The universities contribute talents largely to the managerial pools of business and of government. They should participate in further professional growth of top management. In most countries, the private sector contributes substantially to national economic growth and stability. Hence, the educational curricula, in addition to emphasizing basic skills must improve the capacity to assume responsibility and to enhance positive attitudes of managers.

The government has an immense role in a nation's development, even if its administrators are often beset by issues political. Government planning and implementation of projects, mainly in infrastructure and essential public services, indeed are problems of management.

Management techniques and skills give the public administrator a big boost toward the realization of socio-economic development goals. Yet any improvement in public administration will come to nought if the individuals concerned remain impassive to the opportunities these techniques offer.

Sound management actions are not always the easiest to take nor the most easily understood. The inertia of tradition and the burden of long-encrusted habits are hard to break, and the basic human trait to resist change in established ways of doings things is not easy to overcome. Thus, human behaviour in the final analysis constitutes the critical factor in determining the effectiveness of any sincere attempt at management improvement.

Attached is a listing of current problems in Philippine public administration with suggested solutions. This attempt to perhaps oversimplify some problems must not in the least discourage management practitioners and university educators to appraise them and to recommend possible remedial actions. These problems and faults are definitely not observed in the Philippines alone.

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
1. Decline in standards of integrity and civic discipline among citizens in general and government personnel in particular.	a. Influence of materialistic civilization and society. b. Economic, social, and political pressures. c. Inadequacy of educational system. d. Abnormal experiences and values nurtured during Japanese occupation and early post-liberation period.	Socio-economic reform: a. Concerted education and information drive for citizenship training and moral and spiritual rejuvenation. b. Improvement of economic condition of masses to level that can sustain a decent living standard.	a. Application of control measures with stiff sanctions or deterrents, such as more rigid enforcement of anti-graft law. b. Training of government personnel on broad social and cultural goals, on desirable standards of public service. c. Increased budgetary support for public education and mass information activities. d. Implementation of honest - to - goodness austerity programme to reduce wasteful spending in government and discourage unnecessary spending by private individuals.	a. Educational and informational campaign by welfare, labour, education and extension agencies of government for development of civic consciousness among the people. b. Development of militant public opinion for good government with active participation of professional, business and civic groups. c. Strengthening of educational system; improvement of educational curricula and facilities, improvement of teacher-training schools; expansion of public education programme. d. Continuing education and training of government personnel in public administration. e. Providing economic climate that insures increase in real income of the people. f. Improvement of regulatory and enforcement programmes.

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
2 Conflicting policies; conflicts in provisions of laws, executive orders and other administrative directives.	a. Inadequacy of coordination in national planning and top-level policy formulation. b. Lack of coordination between Congress and Executive Branch in legislation. c. Lack of coordination between executive departments, bureaux and offices in execution of nation-wide programmes. d. No clear-cut lines between policy formulation and administrative details; between broad legislative determinations and guides and executive tasks.	a. Development of closer executive-legislative relations. b. Development of closer inter-department and intra-department relations. c. Clarification of levels and areas of authority and responsibility of government offices and units.	a. More effective and expanded legislative coordination and liaison work in the Office of the President; staffing of President legislative specialists in government and public administration, management, and in the various substantive function of government. b. Clearance of all legislative proposals from agencies of the Executive Branch in the Office of the President. c. Utilizing Cabinet more effectively as policy-co-ordinating body.	a. Establishment of a single top-level planning entity with overall authority and responsibility for developing an integrated and effective planning programme. b. Strengthening policy-planning arms of executive at lower levels. c. Continuing programme of executive development. d. Improvement of administrative communication channels. e. Updating the Administrative Code.

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
3. Inadequacy of top management support for management improvement efforts; lack of policy and programme guides and administrative machinery for management improvement in the government.	a. Lack of understanding of, or indifference to, new ideas and concepts in management and administration on the part of top officials. b. Pre-occupation of top operating officials to routine of office work and agency operations. c. General unawareness of Congress of management improvement efforts of the Executive Branch. d. Lack of funds for management improvement activities.	a. Arouse active interest of President, Congress, and other top officials in management improvement. b. Promote management consciousness throughout the administrative hierarchy. c. More effective public relations.	a. Intensify the leadership role of the Council of Administrative Management by channelling its attention and efforts to broad, basic, and top-level administrative management problems, studies and policies. b. Exploit every opportunity for closer contact between the Council of Administrative Management and the President. c. Active participation of top officials in management seminars. d. Increased budgetary out-lay for the Council of Administrative Management and management improvement programmes.	a. Strengthen the Council of Administrative Management with: (1) organization of pool of experts, specialists, and technicians drawn from the staffs of its member-agencies to work in collaboration with its secretariat; (2) creation of standing and **ad hoc** committees and task forces each with primary responsibility over particular areas of study, issues or problems. b. Continuing programme of executive development. c. Development of public opinion and support for management improvement in government through special conferences, seminars, programmes, and other celebrations on public administration week or other special occasions with active participation of government and private professional

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
				organizations, business and civic organizations. d. Promote manual-making for guide in administrative and substantive activities.
4. Weaknesses in personnel management practices and procedures. a. Non-utilization or inadequate utilization of specially trained personnel.	a. Ineffective recruitment and placement programmes. b. Absence of suitable work opportunities. c. Non-receptiveness to, or unfamiliarity with, new ideas and techniques on the part of executives and supervisors. d. Indiscriminate use of broad civil service eligibilities as basis for appointment and promotion.	a. Strengthen the Civil Service Commission and the merit system. b. Career and executive development.	a. Improve Civil Service Commission services and facilities, **viz** effective recruitment and placement programmes; reviewing and improving qualification standards for civil service positions; mechanization of examination process; improvement of record-keeping, microfilming and safeguarding records in vaults; adequate housing of CSC offices; increased and adequate staffing.	a. Strengthen the Civil Service Commission; increase and safeguard its autonomy. b. Amend Civil Service law, rules and regulations to provide for needed improvements in line with progressive trends in personnel management; repeal laws inconsistent with merit system, such as RA 186, 1079, 1080, and 1844.
b. Limited capacity of operating and supervisory personnel to cope with administrative and management problems.	a. Restrictive civil service laws, rules and regulations, such as those on seniority, rates of pay, eligibility. b. Lack of facilities for specialized studies. c. Lack of incentives, system of recognition.		b. Strengthening and speed up merit system by approval of revised civil service rules implementing RA 2260; issuance of personnel manuals, standards, and	c. Intensification, expansion, and coordination of personnel development and training programmes. d. Establishment of executive staff academy. e. Realignment of rates of pay at all levels, including those for top

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which shoud be undertaken immediately	(5) Kinds of solutions on a long-term basis
c. Overstaffing: existence of excessive personnel, permanent or emergency, casual or temporary in many offices.	a. Political patronage and interference. b. Inadequate budgetary procedures; lump-sum appropriations. c. Absence of management manpower audit programme.		procedures for agency guidance; development of inspection and audit programme; giving examinations for specific occupational groups to reduce provisional and temporary appointments; provide standard promotion guidelines and fair and effective guidance procedure. c. Stringent restrictions on employment of emergency and temporary personnel. d. Reorganize CSC to increase effectiveness of functions: transfer WAPCO to CSC; gradual delegation to line agencies of certain personnel functions; strengthening and utilization of Council of Personnel Officers; opening of regional offices. e. Improve procedure for budgeting for personnel requirements: elimination of lump sum appropriations for emergency and casual	management and political officers. f. Implementation of incentives award programme and other system for encouraging and recognizing meritorious performance. g. Preparation of qualifications standards manual. h. Continuing research and validation studies to improve civil service examinations. i. Development of leadership and guidance role of central personnel agency, concerned with policy formulation, standards-setting, technical reference, inspection, supervision and control. j. Attention to permanent and regular programme to build up morale of employees; set up employee efficiency committees in agencies to find ways and means of upgrading efficiency and integrity in public service; encourage or-
d. Violation of merit system in appointments and promotions.	a. Political patronage and interference. b. Favouritism and personal consideration in promotion and assignment of employees.			
e. Absenteeism and habitual tardiness.	a. Lack of ideals of public service. b. Inadequate work assignments and responsibilities. c. Transportation difficulties.			

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
			employees, with provision for establishing regular items for additional employees needed by agencies.	ganization of and assist professional societies among government personnel. k. Rearrangement of government office hours to open government offices longer to the public and minimize traffic congestion.
5. Weaknesses in organization and administrative management practices and procedures. a. Inadequacies in procedures; cumbersome, obsolete, and wasteful methods.	a. Hazy lines of communication and points of control. b. Antiquated concepts, systems, and institutions still being followed. c. Legalistic and negative concepts of accountability.	a. Improving intellectual capacity and level of competence of personnel at all levels. b. Review of agency operations and reorganization as required. c. Decentralization; implementation of legislation on local autonomy. d. Strengthen and support regularly organized government agencies in the performance of their assigned functions and responsibilities. e. Legislative review of executive proposals, programmes, and budgetary requests on broad policy considera-	a. Intensify and expand current programme or executive development, supervisory and rank-and-file training. b. Complete implementation of reorganization plans; review and adjust as necessary, those already in effect; elimination of temporary bodies performing functions normally assigned to regularly organized governmental agencies; accelerate decentralization of government operations on realistic and rational basis. c. Increased central O & M staff (Management	a. Continuing programme of training in public administration at all levels. b. Continuing programme of technical training at all levels. c. Establishment of executive staff academy to insure the highest standards of professionalism in government work. d. Expansion of the staff, facilities and activities of top management advisory and operational entities such as the Council of Administration Management and the Management Ser-
b. Superficiality in some institutional systems and devices.	a. Indiscriminate adoption of foreign concepts, institutions, and practices. b. Insufficient training in adopted systems. c. Indifference of key officials to new ideas and concepts.			
c. Overlapping and duplication functions.	a. Political exigency; shortcutting regular proce-			

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
	dures and activities in desire to impress people with "fast service", "direct service", and other attempts to "bring government closer to the people" and "produce results". b Lack of understanding of substantive programmes or services of government. c Ill-advised legislation.	tions; strengthen programme and performance budgeting	Service) assistance in agency survey work and installation of improvements. d Installation of staff of management specialists in departments, bureaux, and local government offices. e Increased budgetary support for the Institute of Public Administration and the Council of Administrative Management	vice of the Budget Commission. e Strengthening of the budget process, with particular coordination with management improvement efforts; encourage Congress to expand coverage of performance appropriations. f Fostering spirit of professionalism among various specialists in public administration by encouraging establishment and growth of organizations or associations among personnel officers, training officers, management specialists, accountants, auditors, budget personnel, executives, and students and practitioners of public administration. g Development of strong and militant public opinion for sound governmental processes, institutions, and structures and high stan-
d Tendency toward separatism and autonomy in agency operations and execution of government-wide programmes	a Lack of coordination in policy planning. b Inter-agency rivalries or jealousies. c Heavy reliance on legal accountability for accomplishment of programmes.			
e General reluctance to practice of delegating authority	a Reliance on legal accountability; "personalized" out-look on public positions; influence of "layering" tradition. b Ignorance of, or indifference to, sound administrative and management techniques; lack of confidence in ability of subordinates			

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
f. Over centralization of governmental services and decision-making processes.	a. Inertia from old set-ups and systems; resistance to change, to new concepts. b. Undue predominance of central government over local governments. c. Lack of policy guides and systematic programme for decentralizing national government activities; difficulties in staffing, equipping, and supporting regional offices.			dards of public conduct. h. Automation and mechanization of procedures wherever practicable and feasible. i. Development of guides, standards, and patterns of organization and management for government-wide staff and auxiliary service functions, such as supply, records, and personnel management, budgeting, accounting, auditing. j. Strengthening local governments; improving their financial capacity to support expanded local programmes; re-examination of current governmental structures and relationships with a view to increasing effectiveness of local governmental units as instrumentalities for public service.

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible undertaken immediately	(5) Kinds of solutions on a long-term basis
6. Inadequacy of revenue administration system.	a. Inadequacy of tax collection machinery. b. Lack of tax consciousness among people. c. Inadequacy of tax legislation.	a. Improved tax administration. b. Imoroved customs administration. c. Updating and improving tax laws. d. Nation-wide tax information campaign.	a. Revision and improvement of collection procedures in the Bureau of Internal Revenue and Bureau of Customs. b. Mechanization of record keeping and other processes. c. Review and strengthening of the accounting function. d. Review and modernization of treasury operations. e. Strengthening budget and auditing functions.	a. Development of competent career system in revenue and customs services. b. Continuing attention to fiscal administration improvement. c. Continuing programme to develop tax consciousness among the people. d. Continued support to the Joint Legislative-Executive Tax Commission; intensification and expansion of its research, studies and surveys. e. More effective coordination of economic, fiscal, and operating policies of government. f. Disposal of unnecessary government-owned or controlled, assets.
7. Inadequacy of administrative housekeeping services and housing facilities for government offices.		a. General strengthening of auxiliary administrative services and functions. b. Improvement of printing services.		

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
		c. Better housing of government offices.		
a. Absence of an integrated departmental work programme. b. Inadequate administrative support to operating agencies.	a. Lack of an appropriate technical and management staff responsible for the integrated planning and evaluation of programmes. b. Neglected need for specialized training of operating technical personnel. c. Failure to implement fully provisions of reorganizations plans on Department of General Services. d. Dispersal of Offices.		a. Establishment of a technical and management staff and management improvement programme.	a. Strengthen Office of Secretary of General Services for leadership role in directing and coordinating administrative services. b. Continuing programme of technical and management training for personnel of all auxiliary service agencies. c. Construction of a permanent DGS building and all bureaux under it.
c. Delays and backlogs in the procurement process. d. Lack of a positive programme of specification development, cataloguing and standardization systems on supply management.	a. Limited stocking operations due to insufficient Reimbursable Fund and lack of adequate warehousing facilities. b. Inadequate technical training of present personnel; neglected need of a planned work programme. c. Adverse legislation affecting sound supply management.		a. Increase of Reimbursable Fund by liquidating outstanding accounts receivable and writing off amounts that cannot be received. b. Increase appropriations for rental of warehouse where stocking operations can be realized. c. Support technical training of bureau's personnel. d. Solicit the continued assistance of technical	a. Expanded stocking programme through legislation to meet demands of decentralized stocking activities. b. Development of specifications, standards and cataloguing system. c. Establishment of laboratory and testing facilities in the Bureau of Supply Coordination.

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
	d. Lack of laboratory resources.		government agencies like the National Science Board, Division of Research and Laboratories, and the Material Testing Division of the DPWC.	
e. Lack of extensive programme on property utilization and disposal.	a. Questioned authority of Department of General Services to control the utilization and disposal of equipment and other surplus properties.		a. Urge proper authorities to define conflicting responsibility for the utilization and disposal of government properties.	
f. Inability of the Bureau of Building and Real Property Management to assume full authority and responsibility over urban, residential and commercial lands under plan 7-A and Ex. Ord. 290.	a. Unsettled controversy on the turnover of urban, residential and commercial real property between the BBRPM and the Bureau of Lands. b. Limited operating funds.		a. Seek early settlement of the controversy to resolve final authority and jurisdiction. b. Increased budgetary support.	
g. Inability to carry out servicing functions completely.	a. Non-recognition of centralized servicing functions by other government agencies. b. Non-implementation of the policy on the transfer of capital to Quezon City.		a. Support seminars, conferences and in-service training programmes on space and building management on a government-wide basis. b. Provide necessary advice to President as well as Congress on the necessity of carrying out transfer of government centre.	a. Long-range building programme to implement planned transfer of government offices to Quezon City; seek necessary funds for pur-

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

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				chase of lots and construction of buildings to effect immediate transfer of agencies occupying privately owned buildings. b. Sale of government real properties to help finance transfer of government centre to Quezon City.
h. Ineffective system of preservation, arrangement, storage and disposal of records; undefined authority over some archival records such as the "Philippine Insurgent Records".	a. Inferior housing and inadequate facilities. b. Unsettled controversy between the Bureau of Records Management and the Bureau of Public Libraries as to who should have custody of "Philippine Insurgent Records". c. Lack of accepted standard operation procedures and policies. d. Lack of funds.		a. Seek sufficient funds for proper records preservation and storage. b. Urge competent authorities to decide on the question of authority and responsibility over "Insurgent" records. c. Create positions for Records Centre operations.	a. Construction of a separate National Archives Building. b. Continued research and studies on a more effective and economical records storage and disposal system.
i. Inadequate means of dissemination of mass media.	a. Lack of sufficient equipment, facilities and other resources.		a. Increased budgetary support; appropriate funds for the purchase of mobile units and continued production of documentary films and newsreels.	a. Continued improvement of mass media communication services.

CURRENT PROBLEMS IN PHILIPPINE PUBLIC ADMINISTRATION AND SUGGESTED SOLUTIONS

(1) Present major weaknesses in Philippine public administration	(2) Causes of such weaknesses	(3) General courses of action to minimize or eliminate them	(4) Most logical, feasible steps which should be undertaken immediately	(5) Kinds of solutions on a long-term basis
i. Inability to meet all printing needs of various government agencies.	a. Lack of necessary printing and bindery facilities to replace obsolete ones. b. Lack of operating funds; substantial accounts unliquidated and uncollected from various government agencies.		a. Improve accounting and collection procedures. b. Improve production methods.	a. Modernization of printing machinery and facilities.

APPLICATIONS OF BUSINESS MANAGEMENT SKILLS AND TECHNIQUES IN GOVERNMENT

Yuthasar Na Nagara

BASIC FACTORS UNDERLYING THE DIFFERENCES IN PUBLIC AND PRIVATE SECTORS

Technically the same methodology should be used in both public and private sectors for determining the most efficient approaches. The administrative system of a country should be run no differently from that of a business organization: Thus the basic principles of management — setting objectives in planning, organizing, coordinating, and controlling — are no different when managing a country or a company. There are, however, some distinguishing factors which are clearly peculiar to each sector alone.

(i) Business managers are very much concerned with profits and costs. Government and public administrators, on the other hand, are not greatly interested in profit-making. Public finance and foreign aid will generally come to their rescue, or taxes can be raised to cover losses. While government heads may try to achieve savings and run effective organizations, in general there is no direct concern with profits.

(ii) Due to pressures from competition, managers are constantly stimulated to improve their knowledge and the effectiveness of their skills and capabilities because they know that their efforts will be rewarded in monetary terms as well as by increasing status within their company.

Government administrators are also encouraged to improve themselves, but often there are insufficient incentives. Promotions or increases in salaries are generally dependent upon length of service.

(iii) Again, because of competition, the private sector is anxious to implement recommendations and improve profitability. The public sector, on the other hand, may be interested in receiving recommendations, but it is generally reluctant to improve. It may often seem that public servants want the same old way of life to continue, perhaps knowing that whether a project is profitable or unprofitable, the government will come to the rescue. They will not undertake any revolutionary implementation of new ideas as this may make them out of line with their superiors. In other words, they are often reluctant to implement any step that may "rock the boat", and there is thus no incentive for constructive improvements.

(iv) Delegation of authority to subordinates is usually very limited in a bureaucracy. This complete reliance on the superior's decisions has conditioned most subordinates to be sensitive to the boss's whims and actions, without giving due consideration to performance output. In addition, delays in making major decisions may be incurred, in the hope that, finally, the current *status quo* will be accepted by everybody.

(v) The basic doctrines of management in government rest on regulations and administrative procedures. Government administrators are usually trained in learning policies, procedures, and rules. They are not oriented towards marketing, cost consciousness, profit-making, improved management techniques, and innovation. Hence, under normal conditions, these administrators are inclined to conform to strict lines of authority and responsibility, and prefer to adhere to rigid procedures.

In general, management has been viewed as the prerogative of those at the top. The concept of "participative management" by subordinates as a means of increasing incentives to better performance, or as a way of improving information flows between superiors and subordinates, has largely not been adopted. Nevertheless, there has been increased interest in this area of management, especially among the overseas-trained government officials. It has been found also that graduate officials are very receptive to new management ideas.

BUSINESS MANAGEMENT SKILLS OF USE TO GOVERNMENT ADMINISTRATORS

The differences listed above do not imply that government organizations are always less efficient. On the other hand, government administrators should constantly be introduced to techniques of maximizing public services at minimum costs. Public enterprises, especially, must be managed in such a way that they could be competitive with any of the private enterprises. There is no doubt there is a critical and immediate need to improve management capabilities in the public sector. However, the approaches towards business management should be based on "adaptation" rather than on complete "adoption", taking into consideration bureaucratic constraints.

It would appear that the most appropriate approach at the first stage is to improve management capabilities of the government and public administrators at all levels, rather than to introduce any modern or conventional management techniques, such as work simplification, into the bureaucracy. These latter efforts are much more difficult to implement since the techniques touch upon the development of the whole organization.

The government service, at least in our case, is still the most attractive to the young university graduate, inspite of the outcry at the low salary rates. Although there is a tendency for young administrators to be absorbed into the bureaucratic systems, they have displayed innovative drives to improve efficiency and effectiveness, despite the cautious and conservative policies generally displayed by old bureaucrats. This interest in management development should be fostered.

In the field of business management skills, attention needs to be focused upon the following techniques which government and public administrators should develop and use.

(i) **Development of effective reporting systems**

Data received usually contain numerous variations. In addition, they are not processed to provide concise statements of trends and problems that would facilitate decision-making. A more systematic plan of management information is required in the interests of better coordination and control at the leadership level.

(ii) **Exposure to management study**

The concept of management is an innovation in the public sector and the idea of engaging staff to study management deficiencies in one's department has not been fully adopted. It has not been appreciated that management development is both complex and time-consuming; and that if one is expected to improve on efficiency and effectiveness, detailed management studies are needed, and that external assistance-inputs are essential.

(iii) **Determination of objectives and goals**

The greatest single difficulty in the management of public-sector programmes and projects lies in the unclear relationships among the departments and organizations involved. There is generally a lack of overall coordination, resulting very often in schedules falling behind, and in equipment, budget, and personnel not being fully utilized. Goals are poorly defined and various departments work at cross-purpose. Useful techniques such as CPM/PERT are not normally adopted. In addition a more effective management control system is neeoed e.g. management by exception. Too much effort have been concentrated on day-to-day operations and cross-checking of unessential details, so that very little time is devoted to reviewing and evaluating what has been done, to improve operations and to plan for the future.

(iv) **Delegation of tasks**

Business managers, even at the lower levels, can make on-the-spot changes, whereas in the public sector, decisions must always be referred to a higher authority, and too much reliance is put on procedure rather than on individual initiative.[1]

In the private sector, delegation of authority and responsibility is made *down* the line as far as one can go. Achievement and getting a task done are the main objectives, and initiative is rewarded. In contrast, it is commonly accepted that in government administration, one is safe so long as one does nothing wrong.

(v) **Financial Control**

As mentioned above, government administrators are not profit-oriented, though they should be trained to be more conscious of economics and costs. Every project and programme must be considered in terms of cost factors and returns on investment, and in such assessments, to utilize modern costing and controlling techniques. Performance should be measured not only in quantifiable outputs such as kilometres of roads built, but also the costs incurred.

ROLE OF UNIVERSITIES IN MANAGEMENT EDUCATION

Political and security factors, and in some cases, even the effective leadership at the national level, would be the determining forces in reorganizing the administrative structure. On the other hand, universities, which are producing a majority of key administrative, professional, and technical staff, and top executives, in government and public enterprises, should also have a second look at their own systems. Right now, the university is too much concerned with academic projects and with the publication of highly technical papers. Academics are perhaps too fond of talking of things which nobody outside the university walls can understand. This attitude must change, and one must not forget that the university is producing people who will eventually have to work in an environment which is quite different from that of the university. Thus what we in developing countries need very badly from a university are practical administrators and technicians who are willing to take responsibility and have the ability to think.

[1] An example of delegation of authority, is that of a very senior executive in one public utility organization, who has over 2,000 employees in his department, and is only authorized to make payments not exceeding US$250. A public affairs manager in one of the larger international firms can authorize petty cash payments up to US$250, and another US$5,000 for approved projects.

DISCUSSION

Chairman:
Yip

It is generally recognized that the public sector lags behind the business community in the development and application of modern management skills and techniques. Clearly, there are differences in both the purpose and decision criteria applying to the public and the private sector programmes and projects respectively. Yet, an increasing number of government executives is interested in studying the possibility of applying relevant private sector approaches and methods of analysis, decision-making, and management to the public sector.

The crucial question which we need to ask ourselves is this: within the context of Southeast Asia, what are some of the techniques and skills developed in business establishments which government administrators could use in their operations?

To answer this question for us we have had three persons: Mr. Srey Rithy of the Khmer Republic, Mr. Silvestre Sarmiento of the Philippines and Mr. Yuthasar Na Nagara of Thailand. I will now ask for comments on the three papers.

Aminin

The topic "Applications of Business Managament Skills and Techniques in Government" does not seem quite accurate and I would prefer removing the word "business" from the topic because business management and government management are both management processes and the same techniques are involved. In Indonesia, the same problem of lack of necessary management skills confronts both government officials and business managers, and both are aware of the need to increase their management skills. In Indonesia, modern management is a novelty for most business managers and government officials because it was properly introduced only after our independence in 1945. In Indonesia, most cases of inefficiency and mismanagement are due to the static attitude of managers in both business and government while management is a dynamic process. Top managers generally do not look at the management problem as a whole but only in parts — those parts which they like, such as finance, production, etc. — and as a result there is considerable sub-optimization in their operations.

In Indonesia today, the university is playing an important role in management decisions, both in business and in government. This is because the majority of the ministers in the government cabinet at present are university professors. Six of them are professors in the Faculty of Economics of the University of Indonesia, three of other departments of the same university, and one of the Institute of Agriculture.

Kanapathy I must congratulate the authors for the many valuable suggestions and proposals. I wish, however, to discuss three points concerning the civil service which I feel were not adequately covered by the authors. These are: (i) decision-making, (ii) implementation, and (iii) innovation.

I shall deal wth decision-making first. The quality and speed of decisions made by government officials have a direct, though unmeasurable, effect on the efficiency of private business and industry. With the Asean governments accepting a responsibility for stepping up the rate of economic growth, the adoption of a business-like approach appears inevitable. Like in any other organization, the civil service in the Asean region has grown tremendously, but not much success has been achieved in adapting organizational patterns or in developing modern administrative talents to meet the needs of development. Some of the deficiencies of a colonial pattern of administration continue to persist.

The *power house* of the civil service machinery is at the under-secretary and assistant-secretary level. It is this section of the civil service in which one sees the minimum number of officials who fits the classical caricature of a civil servant. It is this class of men who must be highly motivated and trained in the techniques of modern management. It is they who must initiate and innovate and be the backbone of the new development administration which the governments are endeavouring to introduce. Some of the officers in this category in the Asean region are of first-class calibre but they have to work under certain constraints — the difficulties of real delegation of responsibility and authority. It is the constraint of ministerial responsibility, since ministers today inevitably want to take decisions for which they must answer. In the higher levels of the public administrative system, officials are mainly concerned with advising on the development of policy. They are not so much engaged as many of their counterparts in industry and commerce are in the inevitable taking of all the decisions that are needed to get things done from day to day. As a result, they tend not to develop into decision-makers. In the private sector, those who reach top management positions today do so through a process of promotion through several levels of management authority. In this process they are trained over a period of years in this difficult task taking decisions and accepting responsibility for them — decisions get increasingly difficult as the manager advances upwards. It is rare to find a man at a top management position in commerce or industry who has not learned to make up his mind quickly and take the decisions required of him. There are, of course, the exceptions and the harm they commit to their enterprises is often substantial.

The decision-making machinery in government has therefore to be made more efficient in view of the fact that the issues involved are much more important and much more weighty — problems with which ordinary businessmen and industrialists are not normally confronted. To escape from making a decision as soon as a problem crops up, those in top positions in the civil service not trained in the particular discipline of decision-making find an easy way out using one of the following "ploys": (i) Calling for more information; (ii) querying figures; (iii) setting up a sub-committee to study some particular aspect of the problem; or (iv) going "sick", unaware of the fact that all they were doing is simply putting off making a decision.

The machinery of government would benefit immensely if a programme could be devised for the training of top officials, including ministers, in the art of decision-making. The training programme of officials should give great emphasis to the decision-making problem and to the difficult but familiar swinging to and fro between the official who prepares the policy paper and the minister who must make the decision. The civil servant must have a deep understanding of the best ways of helping in this field — helping the minister who may not have the experience of decision-making.

Another draw-back in the civil service machinery in addition to deficiencies in decision-making is ineffective implementation of policy decisions, which is my second point. There are several reasons for this: (i) insufficient motivation and absence of a sense of urgency particularly at the state or district level; (ii) lack of understanding and appreciation of national aspirations and priorities; (iii) ineffective inter-departmental and inter-ministerial communication; (iv) fear to take a chance because failure can mean a black mark in the personal file; (v) out-of-date standing orders; and (vi) frequent transferring of officials thereby depriving them of the opportunity to build up an interest in a particular assignment with a view to pursuing it to its successful completion.

Possible way of improving the implementation process are: (i) treasury outlook must be changed, and this could possibly be facilitated by staffing the treasury with specialists in various disciplines; (ii) heads of divisions, departments and units must set examples of hard work, honesty and fair-play for emulation by their subordinates; (iii) discourage the inter-ministerial transfers of officials above certain levels, and in the case of promotions as far as possible they should be within the ministry and not to another ministry. This would facilitate development of specialized knowledge; (iv) promotions should be determined mainly on merit and results; (v) officials found corrupt or inefficient should be retired compulsorily; (vi) officials should be encouraged to cut red tape and should be discouraged from taking the line of least resistance; (vii) officials should be encouraged to be bold, fearless and prompt in their actions and they should not be penalized if things went wrong provided the officials concerned acted truthfully and in the best interests of the government; (viii) government committees should work more efficiently, avoiding absenteeism and postponements; and (ix) there should be effective follow-up action once minutes are confirmed. In this respect, it may be useful to have a small high-powered unit going from department to department to ensure implementation is prompt and in consonance with the spirit of the decisions taken.

My third point is on innovation. One of the secrets of success of many businessmen lies more in what they initiate and innovate than in their ability to cut losses. Businessmen have the capacity to recognize the unsuccessful venture at an early stage and to cut it quickly and neatly, even though it means admitting their own mistake in sponsoring it in the first place. Civil servants, on the other hand, seem hopeless at this. The civil service "atmosphere" does not appear to be conducive for innovation and initiation. Red tape, fear of failure or suspicion and absence of any form of encouragement from the top deter a civil servant from taking the initiative to start a project. Once a project gets started, it becomes almost impossible to stop it irrespective of the losses that may be incurred by the government. Perhaps, the training of civil servants should include a substantial element devoted to this subject. Successful "stopping" should be given the same recognition as successful innovation. Training should include not only the recognition of situations but also the provision of the means of reversal, if a decision to reverse is made.

The training should also inject into them the constant quest for a better way of doing things, the readiness to challenge the accepted procedures in search for better and cheaper ones. With the new role involving government participation in commerce and industry, the introduction of commercial realism becomes all the more urgent. At present, these innovation instincts seem to be squeezed out of officials by the sheer weight and size of the whole machine and for reasons I had mentioned earlier. The same thing happens in large businesses, but perhaps not to the same degree. When civil servants recognize that there is something wrong with the system, they seem less ready than business managers to do something about it.

Long I read the papers with much interest. Mr. Sarmiento's paper is very elaborate and confirms his high competence in public budget administration. He has described many applications of modern techniques in administration, particularly in budget preparation and execution, such as PERT/CMP techniques. I should add the use of PPBS as well. I would be curious to find out the actual results of these innovations. What was the revenue collected, especially from indirect taxes, as compared to budgeted figures? What were the reasons for the discrepancies? How were the corrections made? By the fruits of the tree, we will know the tree itself.

I am particularly interested in the Appendix II of Mr. Sarmiento's paper where the current problems of public administration in the Philippines are identified and solutions suggested. I believe that if his Appendix II were to pertain to a business enterprise a considerable number of the problems would be solved simply by firing those responsible. In business, you can fire, but in government, unfortunately, you can only hire.

Mr. Yuthasar's paper is extremely concise and practical. He compares business with government in the context of management. I would only add that while leadership in business is generally stable and permanent, leadership in government changes continually. Mr. Yuthasar mentions review and evaluation of performance as a means of improving the public administration. He also mentions the existence of profits and competition in business which make business organizations more efficient and suggests that these be applied to the government. Perhaps we should send inefficient civil servants into "business exile" where they would be exposed to profits and competition.

I would like to raise two points for discussion. First, how do we measure efficiency in government? In business, we have profits as an indicator. Mr. Yuthasar has suggested cutting down cost in government to increase efficiency. This may not be the right thing to do for it may encourage government departments to do less. If you do nothing, you spend nothing. Second, how can we devise a system of incentives in government? In business, the chief incentive is a monetary one — how high a salary one gets. In government we could perhaps substitute public recognition for salary. With this we could perhaps recruit successful businessmen into the public sector by giving them public recognition. For these people, the monetary incentive would no longer be a strong one to induce them to work.

Selo As expected, every time a comparison is made between public and business administration, it is to the disadvantage of public administration. Public administration is slow, inefficient, and corrupt. Business administration is dynamic, efficiency, and productive. The yardsticks of business administration are often used to measure the effectiveness of public administration. This, I think, is a little unfair because public administration works in quite a different environment and has different objectives from business administration.

I have found myself in the past few years in both the public and business sectors in my country, Indonesia, so I know the differences and the problems on both sides. As has been explained by some of the speakers, business administration is primarily concerned with profit-making so that the success of business management is measured quantitatively in terms of the amount of money made. Now, if we have a government which is always out for profit, we will have a bad government for sure. A government has to operate in a political environment and political achievements are not always quantifiable; it is the quality that has to be measured in public administration. Sometimes, a government has to take actions which are directly against the principles of business administration but which, in the final anaysis, have great merits for the country as a whole. In many of the developing countries there are overstaffed ministries. Work that can be done by ten people are being carried out (or not carried out) by one hundred people. This is quite inefficient on the basis of business administration but there are other considerations which the government of a developing country has to take into account. Political considerations play a part and are very significant because by taking into the ministry people from different political parties or political groupings the government can assure itself of the support of these different political groups. Those who are taken into the government this way may do nothing at all in the ministry but the social and political impact of this action may be of such tremendous significance for the political stability and unity of the country that it is considered economically wise. If we do not do this, we may get political disturbances which will be more costly for the government. This is just an example and a brief comment on the differences between government and business activities.

I fully agree, of course, that red-tape and inefficiency in the government have to be cut down. I would like in this respect to suggest how public administration in practice might be improved. I would like to draw from the experiences of my country during the past few years. Before 1966, we had a budget and a development plan but these made no difference to the activities carried out by the government. But after 1966 the government has divided its budget and its project into two different parts. One part is concerned with routine activities. The second part is concerned with development activities. These two parts are distinguished from one another very sharply not only in their objectives but also in the activities of each ministry. Now, with regard to routine activities there is still much inefficiency and there is not much innovation. With regard to development activities, we have introduced much innovations. The development activities of the government are now organized in terms of projects. We have projects in education, health, public works and many other fields. We have obtained large amounts of credit from foreign countries and also from international financial organizations like the Asian Development Bank for these projects. These organizations require us to conduct feasibility studies for these projects and this has made us more business-like with our planning since 1967.

In the implementation of the projects we also have become more efficient. Every time, when there is a cabinet meeting to review the development projects (and this happens once every few months), the President, who has a list of the budget allocation to each ministry, would ask each ministry why the budgeted sum has not been spent. Thus, expenditure is used as a measurement for the implementation of the projects. Of course, it is not only the expenditure that is used as a measurement; the physical development of each project has also to be shown.

Mr. Long suggested sending government officials into "business exile". This is being done in my country. Officers in the armed forces and civil servants have been encouraged to leave the government service for two to three years to go into business. They continue to get their salaries and other benefits during the two or three years they are away from the government service. This gives them an opportunity to get a job in a business organization. Therefore, Mr. Long's suggestion is not very wild after all, at least not in Indonesia.

Hahn The discussion throughout this session has been on the transfer of management technology. However, much of the discussion has been focused on a one-sided direction of transfer of management technology from business to government. In fact, the transfer of management technology appears to be basically two-way, i.e. from business to government and *vice versa*, depending upon the stage of development and the pattern of institutional set-up. For example, in the Khmer Republic, Thailand and Malaysia, the transfer seems to be from the government to the private sector. Only in the Philippines do we see a significant transfer from the business to the government sector.

If we recognize this two-way transfer of management technology between the private and public sectors, and if we want to accelerate this flow, then we should identify those enclaves of management innovations whenever they occur and however small they may be. The role of management education institutions should be to identify these and bring them into public notice. This could be done through research in graduate classes. This implies that managers should be open-minded and receptive to innovations.

Panglaykim In this discussion, we seem to have assumed that the public sector is willing to accept busines management-ment techniques. I don't think this assumption is correct. This is because in many of the countries in Southeast Asia the businessmen are seen as a group who corrupt the civil servants. How can be assume that the civil servants want to learn any of the techniques of businessmen for their own operations? In theory, civil servants could learn management techniques from businessmen but in reality, this is unlikely to come about. Civil servants often consider the businessmen as inferior to them, so how can be expect civil servants to learn from the businessmen. We talk of efficiency as a strong merit of a civil servant but very often it is his loyalty to a political party that has greater consideration in his appointment and promotion

Laya I have a few brief comments. First, we might want to distinguish between two components of public management. One is the component of policy-making, budget formulation, as well as the analysis of alternatives. The second component of public management is the actual day-to-day or routine matters of government. With respect to the first one, the government is sometimes ahead of the private sector. In his paper, Mr. Sarmiento has noted that some of the techniques which are now associated with industry actually originated as a result of government initiative, for example, PERT/CPM techniques, linear programming techniques and the use of the computer although nowadays these techniques are more used in the private sector. Another area in which public administration has pioneered is in cost-benefit analysis and in the evaluation of projects which entail multiple objectives. For example, in private industry, decision-making is oftentimes easier because there is only one over-riding objective which is the rate of returns. In the government, more often than not, there are various objectives such as stimulation of employment, increase in GNP, increase in foreign exchange reserves and so on, all of which are often of equal importance. The techniques for the analysis of such problems tend to be more advanced in the government than in the private sector; and in fact the private sector is only beginning to realize now that some of these techniques could be relevant for their operations. With regard to the day-to-day administration of the government, I feel that government officials know of all the necessary techniques and what is lacking perhaps is a sense of urgency. In the Philippines, one example, which has also been alluded to by Mr. Sarmiento in his paper, is the concept of performance budgeting. Several years ago, one of the innovations that was introduced in practically all sections of the public sector was performance budgeting. Everybody was taught how to do it, and as a result everybody who needed to know about it knew what needed to be done. However, this innovation has never been fully effective. So I submit that in general what is needed is not so much a matter of making public sector administrators aware of what new techniques to use but a matter of infusing in them a sense of urgency in their work.

Doh

We get the impression that the private sector is more efficient and more dynamic and we use profits as a basis for judging efficiency. Perhaps, to be fair to the public sector, we need to point out that the cost to the private sector is only partial. That part of the cost which is not taken into consideration by business is that which is thrown out to the society, for instance, in terms of environmental pollution. I am very glad that the last few speakers have mentioned the fact that the learning process is mutual between the private and the public sectors. The government is much more advanced in macro-planning. Business only does micro-planning. I do not know of any country in which business organizations are planned on a macro basis with the capability which can match that of the government. Government has many social considerations while business has very few. It is only lately that business organizations in more advanced countries have begun to realize their social responsibilities for if environmental pollution is increased and if racial riots occur, then they are also affected.

Chairman:
Yip

Let me make one comment here. I fear that I threw out a red herring when I introduced the subject for discussion this morning by comparing business management with public administration and by saying that business management techniques are more advanced than that of government. Hence a good deal of the discussion so far seems to have been on the differences between public and business administration in their operations. It might be more useful if in the discussion we could examine the types of analytical tools that have been developed in business which could be used in government and *vice versa*.

Samonte

In view of the foregoing discussion, perhaps what is important is not the applications of business management techniques in government but rather what business managers and government administrators can learn from one another in terms of management skills and techniques. Business, through borrowing from the government and even universities, has been more persistent and successful in applying certain techniques like the theory of decision-making or operations research. As a result, we find that in terms of many techniques in planning and decision-making and in terms of management planning and control, the business corporations have been more consistent and more effective in making use of these techniques regardless of the paternity of these techniques. Therefore, government administrators should not be too sensitive in learning from business managers some of the techniques which they themselves originated. I think that business managers could also learn something from government administrators, particularly in terms of political skills, in terms of getting things done in the context of the social and political setting, and in terms of getting results through the bureaucratic labyrinth. In relating organizational goals to national development goals, as Dr. Doh pointed out, the macro-planning orientation of the government administrator is something of an inspirational guide to the business manager, especially in terms of developing a sense of social responsibility. I would therefore say that there is mutual adaptation and learning for both the private and the public sectors.

I would now like to say a few things on how we could achieve this interaction and mutual learning. In the Philippines, there is a practice of importing business managers and university professors into the government. The present Minister for Finance was the former

Dean of the School of Business Administration of the University of Philippines, and the Chairman of our National Economic Council was a Professor of Economics from the same university. Their entry into the government service is a means of infusing business-like attitudes and methods into the government administrative process. Another experience of ours is at a lower level of administration where it is done through the Executive Development Programme at the University of the Philippines. Through our Philippine Executive Academy, we get very well-selected senior executives from both business and government. We mix them through a residential course of three months — staff college approach — and we deliberately make business managers room with government executives because we feel that oftentimes they learn more from one another outside the seminar rooms. We found to our gratification that there has been a very rich interaction between the two groups. They learn much from each other. The business manager who used to think of the bureaucrat as unimaginative and inefficient becomes more appreciative of the difficult task of management that the public administrator faces. On the other hand, the government administrator is able to absorb some of the aggressive and entrepreneurial ways of the business manager. Perhaps we could develop a system in which some of our younger civil servants can be seconded to business firms and in the same manner some of the young business executives can be seconded to government.

Sriprinya I agree with Prof. Samonte and with the Chairman that the management techniques in both business and government are not separable and our attention should be focused on how we can use the techniques in one sector for the other and *vice versa*. As Dr. Hahn has mentioned, it is the responsibility of management education institutions to find those areas, however small they may be, in which innovative management techniques have been applied successfully to solve management problems in both the private and public sectors, and to make these techniques known to all who wish to copy. This will enhance the transfer of management skills and techniques.

Yuthasar I don't want to leave the impression that we in the private sector are supermen and I am sure Mr. Lim of SIM would agree with me that we have a lot to learn from the public sector. For instance, the technique of project appraisal is seldom used by business organizations apart from a few large corporations and those who are using this technique are having some difficulties in its application.

Kanapathy I would just like to say this: what motivates a business manager or for that matter, a public administrator? I think, first, a sense of achievement, next comes recognition and finally, the nature of work. In my mind, salary and security come down the ladder. We must try to understand these factors that affect the motivation of a manager whether he be in the business or the public sector.

Chairman:
Yip I wonder if I may direct a question to those in the government. The discussion so far has been dominated by those in the management schools and business community. Perhaps those people who are actually doing the work in the government might like to say a few words. In their day-to-day operations they must be confronted with certain difficulties. Can they tell us perhaps what are some of the frustrations they face in using the tools available to them in the government, and to what extent they could use some of the techniques we have been talking about to improve the management of the various departments in the government?

Pillay I will take your cue, Mr. Chairman, and say a few words. I was very intrigued when I first saw this discussion topic, "Applications of Business Management Skills and Techniques in Government", which seems to imply that the private sector is the depository of all knowledge and skills in management. Some of the speakers who preceded me have already refuted the assumption that the private sector is the sole originator of these skills and techniques. Indeed, several of the techniques and even some of the terms used in management have originated from the armed forces branch of the government such as critical path analysis or terms like spearhead, beachhead, break-in and break-out.

I think we have first got to understand the structure of government. I speak from my own experience in Singapore. We have different layers of government. We first have the apex of the administrative structure which develops strategies and formulates policies. The people here are not too concerned with management as we know it in the private sector sense. Such management is usually relegated to various departments in government and it is in these departments that many of the management tools and techniques could and should be applied. Then we have another layer of government known as the statutory boards which look after essential services like electricity, water, gas, telephones, and so on. I won't say that these statutory bodies operate in a competitive world but nevertheless they have to show profits although it is not true that the higher the profits they show the more efficient they are. They use tools and techniques that are quite similar to business. We have such functions like purchasing which are important in business as well. Where business and government differ are in their objectives as several speakers have explained. Business operates in shorter term and on a micro-basis. In the government, on the other hand, profits are not the sole consideration. The government works in a macro-economic environment and several other policy objectives have to be taken into account besides profits.

I am not suggesting that civil servants at the apex who make policies and formulate strategies would not be good managers. What I am merely trying to say is that they perform a relatively small management function. Most ministries do not really manage. I have found that ministries which get too large never succeed. You must have control over the operating departments to ensure that policies are adhered to and that there is monitoring supervision and control. You may say that this does not differ very much from a large commercial enterprise where you have your operating departments with a corporate structure on top. To this extent it is not correct to say that ministries suffer because of rapid transfers of individuals. This is because a civil servant is a generalist rather than narrow specialist. This is also true in the private sector where you have a person who is successful in one industry like hotels and moving into another industry like airlines and making a success of it.

I am not very sure how we could effect the cross-fertilization of ideas between the people in the private and public sectors. I am not even sure if this is really necessary. What is essential is that civil servants should be properly trained in the various disciplines that contribute to good management.

Lim

Apparently from the discussion this morning we see that there has been a two-way flow or transfer of skills and techniques between the private sector and the public sector. Perhaps one can say that in the private sector there has been greater eagerness to adapt whatever techniques that have been originated from either the public or the private sector. In this sense they are better off. In terms of increasing the cross-fertilization of techniques, perhaps, some joint committee could be set up between the private and the public sector under the aegis of some educational institution to identify the techniques and skills that are common and applicable to both sectors or that can be borrowed by one sector from the other. These techniques could be quite simple ones such as problems analysis. What need to be borne in mind is that any attempt to do this involves commitment on the part of the private and public sectors and also the educational institutions.

Chairman:
Yip

That last remark by Mr. Lim seems to have summed up very well the discussion we have had this morning.

PART II

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY: THE ECOLOGY OF GOVERNMENT AND BUSINESS

PUBLIC AND PRIVATE ENTERPRISE IN INDONESIAN ECONOMIC DEVELOPMENT

Selo Soemardjan

In prewar days countries in Southeast Asia under colonial rule were more concerned with keeping the peace or tranquility and order, as the Dutch did in the Netherlands East Indies. The years after the Second World War has seen a new spirit for national development urging every emerging nation in this region to move ahead. There is no doubt about the national will towards progress and modernization, but even with the best aid from foreign governments and international institutions each national state in this part of the world has to go through an initial period of groping for the right system.

In general there are two different but nevertheless inseparable goals which the new nations felt they had to achieve with speed and efficiency: the first being nation and state building to give shape and structure to their newly-acquired political independence; and second, economic development to lift the people from the level of poverty in which they had been living during the centuries of subjugation.

Both objectives enjoy equal importance in the minds of the people, and the one cannot be accomplished satisfactorily without the other. However, serious limitations of trained manpower, technology, experience, and funds do not allow for a simultaneous development at the same pace in the political and economic fields. The absence of truly great and wise leaders in most of the countries is also responsible for the instability of development programme which require massive support from all groups of the population. An honest and realistic recognition of inevitable limitations forces each country to apply a system of priorities in directing its resources for development, if it wants to see some tangible success in the early years of its endeavours for progress.

The basic problem is to define what are a country's initial priorities in the political or in the economic field. When it is hard to make a rational decision in the face of the enormous multiplicity of problems which call for an almost immediate solution, many governments allow themselves to be guided by the most pressing problems which are presented at the time a development plan is conceived.

Pakistan and Malaysia, and to some extent also the Philippines, chose to focus at the very beginning, on economic development, leaving the building of a unified nation and a strong state with only a fraction of the seriousness and resources allocated to the growth of the national economy. Only when inherently dangerous political issues which had not been attended to suddenly exploded did the governments of the two countries switch their attention from economic development to the rescue of threatened national unity. Malaysia's second five-year development plan no longer carries the growth of GNP or income per capita as its goals, but rather the unification of the nation which was seriously damaged by the Malay-Chinese disturbances in May 1969. Pakistan discovered its neglect of burning political problems too late. The country broke into two parts, which it would appear impossible to unite again. All this is clear evidence that political stability and a well-developed feeling of national unity is an undeniable prerequisite for the smooth functioning of economic development in a newly-emerging country.

The choice of development levels is also indicative of the degree of government interference in the development of the national economy. The more a government concentrates on political development the deeper and wider it tends to interfere in economic processes.

Indonesia proclaimed its independence in 1945 and since then it has been forced to mobilize all its founds and forces for the defence and maintenance of that proclamation. The first five years it had to fight alien colonial forces which tried to turn the country into a dependent state again. Then, after international recognition of the country's sovereignty at the end of 1949 it had to fight separatist and other armed movements until beyond 1962. In those years of political and social revolution there was no other alternative for the country than to concern itself almost exclusively with the integration of the young republic and the education of the population into a nation. If one considers the 13,000 large and small islands which constitute the Indonesian archipelago and the multiplicity of ethnic groups which according to unchecked estimates speak some 200 different languages and dialects, and if one is aware of the spectrum of culture which runs from a highly sophisticated Djakarta upper class to the stone age tribes in West Irian, then one can imagine the huge magnitude of the efforts needed to pull the strings of the state together until there is only a minimum chance of breaking.

This dire necessity is not the only reason why Indonesia in the first twenty-five years of its independent existence, rendered the highest priority to political consolidation above everything else. The dangers of recolonization came primarily from non-socialist countries, while the communists in the country, for reasons best known to themselves, fought side-by-side with various other groups of the population. With these many disturbances, it is therefore understandable that the country initially had to consider the political structuring of a state along socialist lines as the first goal to be achieved. Given the socio-economic factors outlined above, the dominance of the national economy by the state was only a logical consequence.

In addition to all this, Indonesia had an extremely influential national leader and president in the person of Sukarno who, next to being an artist, was entirely political in all his thinking and feeling. When addressing professors and students of the Universitas Indonesia in September 1965 he admitted with a laugh: "Here we have a faculty dealing with a subject which is completely outside my understanding and interest, economics." In his way of thinking, a country's economy will find its own way of developing if only there is a strong state with a firmly unified nation. In other words, where political development is established, there is no need for the government to do anything for the development of the economy.

THE PERIOD OF STATE DOMINANCE

Such was the development climate until 1966. The basis for economic policies was found in article 33 of the Constitution, inaugurated at the time of the 1945 proclamation of independence, substituted by two subsequent other Constitutions from 1950 to 1959 and reinstalled by President Sukarno in July 1959. This article states that:

(i) The economy is organized as a collective endeavour based upon the family system.

(ii) Production branches which are important to the state and influential on the life of the masses are controlled by the state.

(iii) Land and water and all natural wealth contained therein are controlled by the state and used to the ultimate welfare of the people.

The official elucidation of this article summarizes this system as "democratic economy". The actual implementation of economic policies at that time would for many reasons give a stronger justification to the term "political economy" in its literal sense.

The Central Bank, an institution to ensure that the monetary situation was sound and economically stimulating, was deprived of its independence by the appointment of the Governor, who was a member of the Cabinet with the rank of minister. Under the 1945 Constitution, which made ministers responsible only to the President, and not directly to Parliament, the Governor of the Central Bank became a mere assistant to the President and a mere executive of the presidential decisions or policies. With his position as cabinet minister, and viewing him within general political context at that time, the Governor had to play politics rather than act as banker or economist. In other words, political motivations had to be accorded preference over monetary and economic considerations. Unplanned printing of paper money to finance political programme was carried out with almost no regard for its inflationary implications.

In order to facilitate state control over the production and distribution sectors of the economy, Dutch-owned economic enterprises were nationalized in 1958 and turned into state enterprises called *perusahaan negara* (PN). In addition new state enterprises were created along with provincial enterprises in the regions.

Law no. 19/1960 decreed that state enterprises were to be organized for the realization of a guided economy — a parallel system of guided democracy — which ultimately was expected to lead to the formation of an Indonesian socialist society. It was also envisaged that state control over the national economy would facilitate the effective coordination (the law uses the word "synchronization") of economic activities by enterprises owned by the state, the autonomous regions, cooperatives and private business.

More specifically state enterprises were to participate in the national economic development within the framework of the guided economy. Meeting the basic needs of the population were to be emphasized while a peaceful and enjoyable working atmosphere in the enterprises were to be maintained. The end result would be the establishment of a society enjoying both material and spiritual justice and prosperity.

With regard to its responsibilities, state enterprises were to report to the minister in charge of the enterprises' operations. The minister had the authority to approve the financial statements of the enterprises under his jurisdiction. This authority was strengthened with his power to nominate and dismiss members of the board of directors.

At the end of Sukarno's administration in 1966 a total of 138 state enterprises were operating on a national level with an unspecified number (estimated at a few hundreds) of province-owned companies.

In that atmosphere of strong political revolution, it was a conspicuous exception if a state or province-owned enterprise operated along truly business lines. Some of the general weaknesses can be summed up as follows.

Management had in general very little or no business experience at all. Civilian or military personnel were transferred to manage enterprises without training, either in a management institution or in service. Political attitudes, which were then strongly against the capitalist system, did not permit management to employ foreign consultants to help an enterprise survive the first difficult years of operation. An exception was the Hotel Indonesia built in 1962 especially for foreign visitors. But even with the best in business management the normal, average economic unit generally found it difficult to withstand the enormous and continuous political pressures which often worked against it.

Accelerating forces of monetary inflation, ineffectively checked by price control measures, pushed business onto the black market where speculation could at least produce book profits. In this way business accounting and financial auditing lost the required basic data for a proper evaluation of the performance of the enterprise.

Personnel policies were not designed and implemented on the basis of manpower needs, but were more geared to give political parties control of the material and financial proceeds of the enterprise.

Because of sharp wage discrepancies between employees of state enterprises and those in the ministries (discrepancies were in favour of the former) it was not unusual for state enterprises, in addition to paying wages to it's own overstaffed structure, to contribute large sums for extra payments to ministry officials, and for a variety of other purposes as well.

Too much direct interference in the management by the minister and his principal assistants made it impossible for many state enterprises to operate as purely economic units. On the other hand the government gave them special import and export privileges, exemptions from duties, or turning them into virtual monopolies which were in fact indirectly subsidized to cover the financial losses they incurred in their operations.

A unique exception in this economically inefficient form of near *etatism* was the oil industry, completely controlled by the government but outstanding in that it was managed strictly as a business. This part of the state business sector started in 1957 with two sister companies, Permina and Pertamin. Oil installations were at that time only partly functioning as war damage was unrepaired and there was a general neglect and a lack of proper maintenance. The business organization was strongly influenced by trade unions which were in fact extensions of political parties.

A firm and systematically working management in Permina was successful in eliminating non-business like forces and interests in the company, and by skilled application of its monopoly on the wealth of oil and natural gas at its disposal it developed within a relatively short time into the largest enterprise in the country. After the merger of the two original companies into Pertamina it is at present the largest indigenous oil company in Southeast Asia. Aside from its own operations Pertamina has successfully developed a system of *kontrak-karya* or working contract, whereby foreign oil companies were given the right of exploration and subsequent exploitation with the provision that 35 per cent. of the crude product could be disposed by the foreign concern, but the remaining 65 per cent. had to be delivered to Pertamina.

Where sugar was the largest foreign exchange earning export product of the country in pre-war days, and rubber after the termination of the war, oil has now become the number one single export product of Indonesia in the last three years.

Another resource which with good management could be on par with the oil industry is represented by the 120,000,000 KA of forest. Planned and purposefully-organized exploitation started only in 1967, and yet without touching upon those parts needed for water and soil conservation, and only with some 10 per cent. of the economically exploitable acreage being worked, timber export has secured the second place in the export trade of the country.

So much for the state enterprises before 1966. Province-owned enterprises were generally small in size, had limited amounts of working capital, and operated locally under similar political and other non-business pressures as did the state enterprises.

Under conditions of near-*etatism* it was difficult for private business to find a place within the national economic system. The rising national feelings after the international recognition of the country's independence gave rise to a strong movement among Indonesian nationals, supported by the government, to enter into business. A "Benteng-group" came into being which included non-Chinese Indonesian newcomers in business. The exclusion of Chinese businessmen from this group found its reasoning in the fact that the Chinese as a group had, with Dutch and other foreign nationals for centuries been working in business and therefore had already a strong and secure position in the nation's economy.

Lacking capital, experience, and without established business relations "Benteng-group" members started business where there was the best chance for success. Import and export business was the one they favoured most. In this sector a newcomer could operate by obtaining licences from the ministry of trade after recognition of a company has been established through formal procedures. As for the necessary capital and know-how he could easily find a Chinese "partner" willing to cooperate with him.

Next to imports and exports Indonesian newcomers had a special preference for banking. With the former Dutch banks turned into state banks there was still enough room for private banks to operate in Djakarta and also in the provinces. A few hundred private banks thus came into being with limited capital and inefficient management. Until today private banks in Indonesia have not been able to effectively compete with state banks because of the weak confidence they get from the public.

In the prevailing uncertainty and instability at the time of guided economy many Indonesian businessmen failed but a sizeable number struck it rich, either because of the skill, experience and efficiency they were able to develop, or because of favourable relationships they could establish with powerful personalities in the government. The skilled and serious among them remain as the backbone of private business in the further development of the national economy.

A third category of economic institutions which deserves mention in this paper are the cooperatives. The official elucidation of article 33 of the Constitution suggests that cooperatives are the most suitable institutions to realize the principle of family-system in the nation's economic development. The Government, and particularly Vice-President Mohammad Hatta, was in great favour of cooperatives, reasoning that they had a cultural basis in the *"gotong royong"* or mutual help institution in rural communities, and that pooling of whatever capital, technology, and economic experience Indonesian individuals were in control of, would be the best way to secure effective results in endeavours for the collective interests of the members.

The cooperative movement in Indonesia has gone through years of trials, errors, and failures, but some success has been achieved in certain sectors of the economy, particularly in the *batik*, spinning and weaving industry. On the whole however, coperatives have had no determining influence on the development of the national economy.

ECONOMIC DEVELOPMENT AFTER 1966

The succession of President Suharto to President Sukarno in 1966 brought an entire reversal in the economic policies of the country. Where economic activities in the past had to serve political objectives, political policies are now made conducive to economic development. Political stability was to be established and maintained as a substructure for the economic super-structure.

In the new order, as the post-1966 period is popularly named, the economic ecology continues to be based on state enterprises (including province-owned enterprises), cooperatives and private business as its principal elements. The different political and economic climates however were of profound influence on the nature and significance of public and private corporations in their role as partners in the economic development of the country.

President Suharto, in addressing the assembled directors of state enterprises in early 1969, explicitly emphasized that state enterprises had to function effectively in support of the nation's economic development. The time of state subsidies, either open or disguised, to make up for the losses incurred by state enterprises, was over. And so was the period of special privileges, monopolies, and exceptional licences. Every individual state enterprise had to stand on its own feet, work effectively with the capital the state had invested in it, apply normal business practices and procedures, while its management had to be dynamic enough to compete with other enterprises, state-owned or private. If additional capital was needed for new investments or as working capital, each enterprise was free to apply for credit from banks, not with the use of government recommendations, but only on the basis of its own assets and the soundness of its business operations. Accordingly, state banks were given instructions to reorganize themselves for banking efficiency and effectiveness and to treat their clients on a strictly business basis.

Etatism on the economic level was deliberately disapproved of. The 1966 decree of the Madjelis Permusjawaratan Rakjat Somentara (MPRS or the Supreme National Assembly) determined that market forces emanating from the interplay between supply and demand were to be the principal guiding factors in running the national economy instead of political ideologies. In short, a breeze of rationalism, realism, and pragmatism, blew over the country and instilled a new spirit in both public and private economic organizations.

For more clarity in the goals and the functions of each state enterprise the government decided to order them into three different categories: (i) PERUM *(perusahaan umum)*, which includes state enterprises which had to remain unchanged; (ii) PERDJAN *(perusahaan djawatan)* to cover institutions like public utilities, the primary objective of which was to serve the needs of the public rather than to make profits; and (iii) PERSERO *(perusahaan perseroan)* private companies with limited liabilities, all shares of which are in the hands of the state. The general policy is that as many state enterprises as possible should be converted into *persero* and as few as possible into *perum* or *perdjan*.

A similar policy is being engaged in by the administration of provinces with regard to province-owned enterprises. Some provinces like Djakarta and West Java have considered it even more beneficial to the provincial treasury to sell or dissolve, ineffectively working enterprises, and to retain only a small number of *persero*-type companies. As of today, a little less than half the number of state enterprises have finished the formal procedure for conversion into *persero*.

In many statements of cabinet ministers it is made clear that the government will not encourage the establishment of new state-owned business enterprises. Although it is not the intention to introduce an entirely liberal and capitalistic economic system the government confines itself to determining economic policies, stimulating economic development by creating a favourable political and economic climate, and supporting it by consistent legislation and administration. But if the interests of the population requires the government to interfere in the economic process, it is ready to do so, not by political means, but by the use of economic instruments.

In general, one can distinguish between two levels of activities in Indonesia which account for the post-1966 rapid economic development. First, since 1966 the country has been favoured by annually-determined government-to-government credit from friendly foreign countries and international financing institutions. Soft loans from these sources are used to back up the state budget, formerly the principal source of monetary inflation, but since 1966 an instrument for economic stability and development. Equally important are the project loans for infrastructural developments such as irrigation, road networks, bridges, power supply, telecommunication systems, industrial estates, and other projects of like nature, to serve as groundwork for an expanding economy.

While repayments of pre-1967 loans have been rescheduled with the consent of the creditor countries, Indonesia has obtained from

1966 to 1972 a total of almost US$2,500,000,000 fresh soft loans. Credit arrangements to the amount of US$722,000,000 have been secured for the fiscal year 1972/3. Admitting its own inexperience in building a modern economy the government has agreed that officers of the International Monetary Fund and a resident office of the International Bank for Reconstruction and Development (the IBRD or World Bank) help the national planning bureau to devise development plans and to secure the most effective use of borrowed and own funds in the implementation of the plans.

A second source of great stimulus for economic development are the laws on foreign and domestic capital investment, respectively issued in 1967 and 1968. Foreign capital which was barred from entering the country as being a forerunner of capitalism and imperialism, is now invited along with domestic capital by the issuance of the two laws. This policy of the government has been most conducive in boosting private business. Except for a few fields of industries and distribution, which are preserved for the government (like military industries), and Indonesian small entrepreneurs (primarily industries with low-capital requirements), investors are given wide opportunities for investment. Attracted by the vast natural riches of the country, the favourable political climate, low wages, and a growing national market of 120,000,000 people, foreign investors have up to June 1972 applied for government approval for 497 private projects involving a pledged capital of US$1,800,000,000. In the sector of domestic investments 1,058 projects have been approved with a total planned capital of Rp. 505,000,000,000 or the equivalent of US$1,200,000,000 at the existing rate of exchange.

With regard to cooperatives it must be admitted that even in the new order not much progress has been gained. It seems that more specialized education, and some protective measures are needed if cooperatives are to compete with the new business companies. Mergers of cooperatives working in similar fields, effective management training, and for the time being, special credit facilities or government subsidies may be useful to help selected cooperatives to survive and find their way in modern business.

In conclusion reference should be made of an assignment given by MPRS to the Minister of State for Economic, Financial and Industrial Affairs to establish an organization in which the government and private business can meet and discuss problems of mutual interests. In this light a Chamber of Commerce and Industry has been organized on the national level and in a number of provinces. Although the institution is still young and in the process of gaining more practical experience it has already been instrumental in bringing about better working relationships between state enterprises, private companies and cooperatives. It has also served effectively as a link between private business and the government whenever contacts between the two parties are needed.

The latest development in both public and private sectors of the national economy justify the observation that the country has achieved the "take-off" stage. Indonesia is on the move: perhaps slowly, but nevertheless steadily, and with great confidence in the future. Evidence in that respect can be found all over the country, and particularly in Djakarta.

Next to being the political centre of the country Djakarta has now developed into a bustling business city where modern private enterprises build up fresh economic activities which radiate to the remote corners of the archipelago and also to the business centres all over the world. A new generation is rising, more rational, more daring, and perhaps more sophisticated than the older generation which had won the country's independence and built the republic into what it is today.

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY: THE ECOLOGY OF GOVERNMENT AND BUSINESS

In Sophann

INTRODUCTION

First, I wish to make clear the meaning of some key words in order to forestall any possible misunderstanding of these terms.

The Environment in which government and business operate is constituted by material and man. Material is an entirety composed of movables and real estate, of all that can be of value, and of natural resources. "Man" includes the whole society with its mental structures; all its organized systems, with their defined relationships, between themselves and their members; with its social classes; its legislations, and its organization into a nation.

Environment seen as a field of economic activity is the totality of systems specifically encompassing government, business, and individual producers, who create and circulate all that is of value.

There are material and psychological aspects to "environment".

Government is an apparatus of the State, having at its disposal the authority and the means to influence the attitudes and actions of economic agents, and hence, to modify economic processes. Political and ideological considerations are left out of this paper.

Business. My paper is strictly concerned with economic development as measured by the prosperity of economic organizations, and the satisfaction of man's material needs to the extent where he sees his standard of living has improved. Development also implies the freedom for a person to develop his personality, to take full advantage of dynamic technological advances so that the full realization of his potential is made possible.

However, I would willingly allow myself to be convinced that the economic aspects of development are not the only important ones: that we must also pay as much attention to the humanitarian aspects of economic development. In any event, the judicious choice of policies, the efficient, competent and honest implementation of such policies, are of crucial importance to national development. What I wish to stress is, the importance of having the proper attitude to deal with problems of development. Implicit within such an attitude is the rejection of conservative thinking that treats of society as being made up of so many disparate cells, each with a separate life of its own; thus existing in conflict, rather than in harmony, with each other.

I ENVIRONMENT: LEGACY OF THE PAST

Society and State

Almost all underdeveloped countries have undergone a period of colonial domination during which their fate was in the hands of foreign administrators.

For want of administrative resources, these administrators had little choice but to use feudal or tribal systems of administration so that under such a domination exploitation of raw materials and lucrative commerce could best be ensured.

The result was a civilization of dual character: in which coexisted a secular conservatism among the majority of the population; and an appearance of imitated modernism among the minority of city-dwellers. The country folk hardly knew what happened at the higher levels of the all-powerful administrators, who were regarded as "their masters".

With the departure of the rulers, an established order was left behind which resisted any change towards a new order wherein it was possible for scientific, economic and cultural development to take place.

The extreme conservatism of the privileged of the old order, and the apathy of the masses who had never understood anything about politics and affairs of state, provided a breeding ground for partisan dissensions, fierce ideological quarrels, and hindered all attempts at peaceful transformation. Eventually, there is no way for the society to move ahead except by explosive crises, and all reforms come through revolutions which, however often brought the society back to its starting point, if not to a still worse situation.

To avoid being perpetually caught in this situation, every country must muster all its forces to shake off the apathy within the society and undertake action which will enable it to break definitely with the past. This is more than a revolution as the problem involved has the dimension of a fight for a new civilization requiring the total will and solidarity of all citizens. National development must go through this fight against the established order, otherwise our society will remain in a state of collective indolence and incapacity. Governments cannot afford to delay understanding and dealing with this problem, as often there is a time-lag between an awareness of the problem, and positive action to deal with it.

The Psychological Start

Among the elite. An African minister has written: "Africa is in an era of tragic mimesis. This mental attitude comes from the fact that after having deposed and even defeated the colonial regime, Africans have often taken those who ruled them for their model in the sphere of development and promotion. The man to be imitated was the White. One came to the point of imitating his way of eating and clothing . . . . The ideal for an African became the desk job which is freed from agricultural work into which the White hardly ventured except for the colonies of settlement. To have access to the social standard of the European, one would have to have the same studies as they do."

Mr. Meister also reports that: "Instruction is a bit considered as the supernatural power which permits the White to live without having to work", i.e. to work manually.

Among the masses. After some years, people are disillusioned, and finally realize that everything is the same. There is only a change of persons: in the former places of the White are now their compatriots, who are now also equally authoritarian, using the same gestures, the same words, the same tone.

With this realization the mass of the people become disinterested and they despair over their lot.

With respect to social status, the Cresap, McCormic and Paget Inc. consulting company, in a study for SEAMEO, has made the following remarks:

(i) It is obvious that management has never been considered as a profession and a career which necessitates a careful preparation and training.

(ii) The majority of young people prefer public administration to the private sector although the latter offers higher salaries. This may be due to the better social prestige conferred on civil servants.

(iii) Private enterprise is ill-considered and business seen only as a little more than "a necessary evil".

To complete the idea, I take the liberty of reproducing here an excerpt from my paper prepared for a national symposium in December 1971:

Remuneration and social status. — Since 1965, and particularly, since November 1969 when supply exceeds demands on the labour market concerning university graduates, remuneration paid to engineers or licentiates in commerce goes down to an unacceptable level considering the human condition that is granted to them by the society in which they live and that they define for themselves.

With a salary of 5,000 *riels* per month, they must dress soberly, dwell in poor quarters, go to work by bike, live in want. Do these graduates accept these conditions?

Social status does not count in the application of real qualification and improvement of personal competency through sanction against those who are unadaptable and reward for best elements.

There are therefore endless quarrels on the equivalence of diplomas, since it is the only basis of appraisal for the determination of honorary and material advantages. In most cases, there is no system which seeks to stimulate professional improvements.

The hierachical chiefs assume, in a complacent manner, an egalitarian spirit of good chief of family to the detriment of the very justice.

Fortunately, the Khmer society which still has the humanist cult, accords to intellectuals a comforting aura of consideration and the young Khmers nurture a will to reach higher education as if it were an end by itself.

On the mentality of graduates. Mr. Maurice Guernier reports that in African and Asian countries, young graduates are firmly determined to become civil servants in the capital cities. They already posses the mentality of the perfect civil servant by the time they leave school, and their thinking is stereotyped. Some intellectuals who work in important private corporations and are very successful indeed in their careers, still feel unaccepted by society; and so with certain industrialists, who are, however, very rich.

In our country, it is not rare for young graduates to go to placement bureaux and ask to be nominated as directors within the service. Many engineers have also complained of the "dishonour" of not having been appointed directors. The first reflex of a new graduate in quest of a job is to seek one in public administration, failing which, he will go to a semi-public institution. Undoubtedly, they may be considered as being extreme cases, but there is certainly more than a grain of truth in this.

The university may perhaps absolve itself of any responsibility by offering excuses like:

- The above-mentioned attitude is the result of the environment and the illusions of those concerned;
- In the programme of instruction there is nothing which could breed such mentality;
- In general, those services and those industries most sought after *are* the sole expected openings.

It is however, not possible for the universities to shake off their burdens of responsibility so lightly. None is in a better position than they to remedy any collective mistakes: and if they produce graduates whose qualifications are so out of tune with industrial needs of the private sector that they are unacceptable there, then the economy faces a serious problem. Universities, after all, cannot function in this modern age in an atmosphere of "art for art's sake:" neither the economy, the graduate, nor the taxpayer can afford this expensive luxury.

Education. A great deal of efforts (in quantitative terms) have been put into the development of education, if one is to judge from budgetary appropriations and personnel involved (30 per cent. of the personnel in public administration).

Educational programmes and systems are, however, not very suitable as they originated from the old ruler countries, and have been transplanted into these newly-independent countries without any modifications. Efforts are necessary, to develop in both directions: a quantitative expansion of schools, new universities, new faculties, new technical institutes, as well as a qualitative creation of new educational techniques and curricula.

In his report to the 51st session of the Social and Economic Council, the Secretary-General of the United Nations made the following remarks which exactly describe the actual situation today:

> Since many programmes and systems of instruction, at all levels, applied by industrialized countries, have practically been adopted just as they are by developing countries, consequently the major proportion of instruction given in the latter does not respond to their needs. A great part of in-school and out-of-school education is not directly applicable to industrial work and a number of those who have finished their studies find it difficult to put their knowledge to good use, while there still exists a demand for qualified employees in their specialization. Therefore, a great number of those who have attained a level of higher studies are tempted to go abroad. Moreover, it happens that those who have completed their studies and succeed in getting a job must however receive an intensive complementary training within the enterprise before being able to work with satisfactory efficiency.

The result of all these factors, combined with the unhealthy psychological climate described above, is the existence of educated unemployment while there is still a great shortage of manpower in all economic activities (and particularly in agriculture).

Governments often complain that many graduates refuse to return to agriculture and are resigned to becoming a member of the intellectual unemployed, loafing in the capital cities. One must, however, recognize the huge and delicate task of educational reform which requires huge resources, especially in personnel and materials, e.g. textbooks and other publications.

Nevertheless, one cannot go on without attempting any improvements: in fact the longer and the more difficult the way ahead, the sooner one must start.

Manpower

Local manpower comes directly from the countryside. The absence of trade unionism indicates the innate individualism of peasants and also the fact that jobs in industry and finance is a relatively new phenomenon.

While basic knowledge can be provided by the creation of centres of professional training, job familiarity and increased competence in an activity can only be generated by a suitable environment and social habit.

In a report by the Secretary-General of the United Nations it was stated that:

In addition, once he is recruited, the young technician [*l'agent technique*], engineer or middle accountant generally has few chances to profit by the systematic training related to problems of management which is often given in various specialized departments of enterprises in industrialized countries. He does not profit either by the kind of on-the-job training which is given to his homologues in developed countries by experienced cadres and technicians or by the support of competent workers and foremen which only well-organized enterprises can offer. Lastly, it is also difficult for him to have access to handbooks on management prepared in terms of conditions which prevail in developing countries.

Cadres

Number. Cresap McCormic and Paget has estimated for Cambodia the following figures:

Sectors	High Cadres	Middle Cadres	Others	Active Population
Primary	5	470	1,895	2,707,000
Secondary	108	445	3,385	110,000
Tertiary				
Non administration	78	520	4,500	286,100
Just administration	190	570	3,750	93,000

Following are some striking points:

- Cadres in primary sector are of little importance (0.08%).
- The Administration alone takes up the same number of high cadres as the rest of other activities in the country.
- The total number of cadres is of little importance: 0.5% of overall manpower or 0.25% of the population.

Training of cadres. Primary cadres were trained in industrialized countries. This generation is entrusted with the creation of universities or centres of training or with reforms of these organizations. It is natural that they will tend to follow the pattern of those establishments in industrialized countries in which they were trained. In general a pure and simple transplantation of a foreign system of training and methods of management is effected. In addition, the quality of the transplanted training systems leaves much to be desired.

Need and utilization of cadres. Given the weakness of cadres, the demand for new cadres is enormous to meet current shortages and anticipated increases in employment opportunities. Further, at the moment, local and foreign universities only manage to produce a meagre number of cadres annually.

Paradoxically, however, there is increasing unemployment of intellectuals, who then have to go abroad.

I am convinced that the existence of an environment in which fair competition prevails, and where creativeness and responsibility are rewarded, will alone ensure an equilibrium condition for the supply and demand of trained cadres.

II ADMINISTRATION (GOVERNMENT)

Colonial impact has not yet been erased in spite of the government's efforts. The conversion of the administrative apparatus (in organization and in spirit) into a dynamic economic structure remains a heavy task which is rendered more difficult by the shortage of new cadres for implementing these innovations; and by the influence of refractory forces constituted by the privileged of the old order. Thus there is an enforced inclinuation to continue using the old system and the same methods, with the same spirit. This situation is not unique, and in other countries too, we find similar situations. Thus speaking of France, Mr. Charban-Delmas once said in a speech on 16 September 1969 that:

> Tentacular and at the same time inefficient, that is the fair way to say about the State, as we all know, and that is in spite of the existence of a body of generally competent and sometimes distinguished civil servants.
>
> Tentacular by indefinite extension of its responsibilities, the State has little by little put the whole French society under its guardianship . . . .
>
> But, if the State so solicited has steadfastly spread its sphere of activities, its efficiency has not increased correspondingly, since the modalities of its intervention often do not permit to achieve its objectives.
>
> Is it necessary to give examples?
>
> Our local collectivities suffocate under the weight of tutelage. Our public enterprises, put under the thumb of various ministerial departments, have lost its freedom of making essential decisions: investments, price, salaries. The private enterprises themselves are crushed by a proliferation of regulation.

> What result? Firstly, there is a swelling of budgets. Then it is for the counterparts of the State an encouragement to passivity and irresponsibility.

I leave it to my readers to draw the analogy to developing countries, characterized by a shortage of competent cadres, and often, at the same time, stricken with social diseases.

THE ROLE OF THE STATE IN ECONOMIC ACTIVITY

The Cresap, McCormic and Paget Inc. noted in its report, that central control is very tight and that there is little initiative at lower levels of administraion.

Whether under a centralized or liberal *regime*, the State is often called to play an active role in the economic life as part of the immense task of development.

Active intervention by the State entails the following ambivalences:

(i) *Advantage:* Economic discipline and harmony in progress may be imposed.

Disadvantage: Inadequate planning could lead to national disaster.

(ii) *Advantage:* Large-scale projects can be undertaken.

Disadvantage: Initiative and sense of responsibility on the part of the masses may be stifled.

(iii) *Advantage:* Social goals can better be achieved.

Disadvantage: A lack of dynamism on the part of workers and a lack of competition of products may occur.

LEGISLATION AND THE ATTITUDES OF CIVIL SERVANTS

It is not rare to see some laws still in force which date back to before 1916. Even after independence, the situation is no better, and often, the laws of the former ruling country are still applied indiscriminately.

This situation has prevailed for almost twenty years now and therefore presents contradictions and hinders development. In addition, the attitudes of civil servants administering these laws are often intolerable: often, they act as if the application of the law was an end *per se;* while even in the relatively simple, routine processing of documents, one could say that they play "the game of seven mistakes".

TASK OF THE ADMINISTRATION

Following are what I consider the Government's tasks should be, as a matter of priority:

(i) Conception of a national strategy.

(ii) Determination of objectives.

(iii) To build up material and human infrastructures.

(iv) To set up institutions necessary to development.

(v) To ensure economic equilibria.

(vi) To harmonize the evolution of various factors of the economy.

(i) National strategy

The conception of a national strategy is necessary. This strategy will in fact be the synthesis of just and legitimate aspirations of all citizens

No one single person or group, however astute and learned they may be, should be allowed to impose themselves on the wishes of others. Otherwise, one would merely be risking the objectives of the national strategy. However, astuteness must have a place in the creation of an atmosphere where intellectual freedom can prevail; and a total integration of all society exists, and where mutual confidence between government and people can thrive. As McNamara wrote:

> Vital decisions, in matter of strategy of the enterprise as well as in the sphere of political strategy, must necessarily come from the man who is at the top. It is why he is there. However, the rational manner for him to make his decision depends directly on clarifying work which could have been carried out to put before him various options between them he must choose. The management, if good, organizes the enterprise and the society in such a way that such process takes place becomingly. It is the process by which men can as efficiently as possible exercise their reason, their capacities of creation, their initiatives and their responsibilities.

(ii) Objectives

Objectives must be clearly defined for the following purposes:

— To delineate clearly the responsibilities of each one; and particularly that of the government.

- To aid in evaluating government's efficiency.
- To bring about a just and equitable distribution of the benefits of progress among all social strata, as only with this spirit of social justice can a unity in action be secured.
- To keep the masses well informed.

(iii) **Infrastructures**

To support development, the government must provide certain key means or "equipment" to constitute a solid infrastructure. These are:

- statistical equipment
- informative equipment
- equipment for diffusion of information.

The increase in the number of publications and other existing information material keeps accelerating. Without proper tools, one can no longer reach them. Thus William Knox has estimated that "the entirety of overall informations from all the libraries in the world represents 1015 signs [one million billion]. This documentation is entirely gathered under the forms of books and other printed materials. And at the current rate, it doubles around every fifteen to twenty years."[1] In the United States alone, 100,000 technical reports, over 900,000 articles for technical and scientific reviews, and more than 7,000 books are published per year.

Computers are no longer beyond our reach, and in five years, they will become equipment of primary necessity. At the same time, their decreasing prices will make them become more and more accessible. To keep pace with the development in knowledge, one must be equipped with modern important informative means; otherwise one will completely lose touch with advancing technology.

Human resources must be of sufficient quantity, and of satisfactory quality. According to Michel Drancourt (editor of the review *Enterprise*), it must constitute an ever-increasing elite, a constantly re-educated elite whose positions are periodically reconsidered, with each changing generation.

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[1] J.J. Servan Shreiber, **Le defi americain.**

However, there are conditions for the realization of this objective that must be considered, such as:

- Expansion, favouring access to higher positions.
- Systematic training, offering equal opportunities to all.
- Mobility, facilitating exchange of ideas.
- Democratization, enlarging the sphere of selection.

(iv) Development institutions

Since published works are becoming more and more complicated and require an increasing variety of knowledge, development institutions (research institutes) are therefore necessary to help economic agents solve technical problems, financial problems (banks, investment promotion), management problems (consulting agencies), problems of information (statistical centres, centres of documentation) and problems in expansion.

(v) Economic equilibrium and evolution of economic factors

As means of control, the State generally has at its disposal rather powerful "levers" such as pricing, monetary and fiscal measures. The use of science remains as yet undefined. On the whole, however, in economies which are totally amorphous or structureless, it is difficult to be able to build a theory of action on these factors.

TRANSFORMATION OF ADMINISTRATION

We know that the role of the State is becoming more and more important. It can only be fulfilled if the State takes on a new role conceived in the following spirit:

- Using scientific methods for management and decision-making (confidence in the management).
- Succeeding in having competent persons to perform the jobs, and creating an atmosphere of competition to induce them to constantly improve themselves.
- Winning the confidence of the people.

Above all, the Administration must be transformed in order to work with a new spirit. In general an atmosphere of feverish creative innovation, of efforts to emancipate man, is the prelude to development. On the contrary, an atmosphere of indolence, favouritism, general disinterestedness, and oppression, is the prelude to inevitable national catastrophe.

III SOME FEATURES OF THE CAMBODIAN ECONOMY

Division of the Gross Domestic Product by Sector

	1962 (%)	1966 (%)
Primary Sector	41.5	41.0
Secondary Sector	16.3	16.9
Tertiary Sector	42.3	42.1

The High Council of Planning estimated that between 1959 and 1987, average growth rate will be of an order of 4 per cent. per annum.

Employment by Sector

	1962 (%)	1966 (%)
Primary Sector	80.8	83.0
Secondary Sector	2.8	3.0
Tertiary Sector	17.4	14.0
	100.0	100.0

Income

One notes a very low income among the agricultural masses who make up, however, over 80 per cent. of the total population. The average income of the primary sector is three times lower than that of the secondary sector and four times lower than that of the tertiary sector.

IV CONCLUSION

One sees that over the last four years, the economy as a whole has changed very little, although during that period a great reform considered as an economic revolution has taken place. This fact corroborates our earlier hypothesis: that all reforms must be made by means of revolutions, which, if not genuine, will inevitably land a country back in the same situation as previously existed.

This situation is seen in the meagre income of the masses, which is at a level far from the take-off point into sustained economic growth.

Business Environment

Herve Jannic, of the review *Expansion*, reports the views of a commercial corporation in Africa that:

> . . . it [the corporation], recognizes that formerly in the glorified time of the "Comptoirs", business was easier. Nowadays, one must take into account pressures from local governments, demands of customers who no longer content themselves with bazaar-waggons . . . . Wisely, manufacturers begin understanding (sometimes with regret) that the sale "au bougnoule" or the "pumping" thirsty for local resources belongs to the past.

This passage confirms at the same time the image of an end to the past.

After independence, every country makes every effort (with more or less good faith on the part of those who are in power) to industrialize the country. Unfortunately a loss of touch with the mass of the peasantry has occurred. Therefore, economic measures are only realized by a limited group of privileged tradesmen who are close to the ruling classes.

The economic environment in many countries bears no resemblance to that of industrial countries where the economic game follows unambiguous rules and laws. One must know the "direction of the wind", one often says. That wind is unfortunately too often unpredictable.

Another mistake is made by businessmen who invest with the hope of striking it rich within a year or two of their investments. This leads to unnecessary risk-taking which might lead to their economic downfall — and real economic development is thus not achieved.

The task of governments in under-developed countries is much more heavy than those of developed countries where the economic process is already developed. Thus although governments in developing countries have made praise-worthy efforts, they have not been entirely successful.

Business Management

There are three categories of enterprises: public, mixed and private.

The public and mixed enterprises (often industrial) are of a size big enough for the application of the rules of management to their operations. There one still faces difficulties due to the shortage of managers who on the whole have had very little training in management. This owes in part to education at all levels being concerned with basic types of knowledge only: the technical and pure sciences, letters, law, economics. In universities, management education is considered only as a subject of secondary importance in the curriculum; and in the bigger enterprises, it has only very recently been introduced. Since these enterprises are themselves a phenomenon of the last ten years, management cannot yet be considered as a profession. On the other hand, private enterprises, such as those processing agricultural products, are generally quite small in size. In these, as in the rice mills (50 per cent. of enterprises in Cambodia), and saw mills (16 per cent.) the idea of grouping and consolidation, and thus the achieving of big-scale operations, is completely unknown. Under these conditions, the application of scientific business management techniques is ignored.

In addition to these problems facing the manager is the attitude still prevailing among the older members of the business community, and even among some intellectuals, who revolt at the word "management". The overall result is that students within the country or abroad flock exclusively to universities of sciences, technology and law. The management of enterprises is thus entrusted either to engineers who neglect all other problems except technical matters or to lawyers who see nothing but law; and marketing and financial management problems are often neglected for want of proper managers.

One finally arrives at the conclusion that the problem of economic and social development must be viewed from an ecological angle: it is a problem of the entire civilization. To achieve development, the national economy needs to fight to change the structures of the society and the economy; thus in changing the environment, the transformation of man himself is achieved.

Government is destined to play a more and more active role in the economic life of the country. This role requires an increased competency on the part of its managers. Consequently, public administration must be radically transformed: in organization, spirit, methods, and legislation. The immediate essential tasks are: conceiving a strategy; determination of objectives; building material and human infrastructures; and harmonizing economic variables.

The problems of the economy must be treated with new theories built on new bases. Existing theories (capitalism or collectivism) do not necessarily apply to underdeveloped countries as many situations have changed. Policies now arrived at must take cognizance of new factors, such as:

— Existence of an industrialized world possessing the bulk of the wealth on this earth;

— International trade is developing at rapid rates, but almost exclusively between developed countries;

— The beginning of an economic and cultural break between underdeveloped countries and advanced ones. If the gap keeps widening, our countries run the risk of becoming natural ghettoes of underdevelopment;

— World tendencies to create economic zones or communities within which differences in ideology will no longer serve as economic barriers.

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY: THE ECOLOGY OF GOVERNMENT AND BUSINESS IN THE CONTEXT OF LAOS

Nikorn Phankongsy

In Laos, the decolonization policy has been gradually implemented since the end of World War II. Several treaties and agreements paved the way to our full political independence in 1954, but the local Administration had commenced being involved in problems related to economic growth, health improvement, etc. earlier on. During these twenty-three years (1945-68) however, our Administration, due to the shortage of competent personnel, could do but little for our economic development. Furthermore, the former colonial administration had left us civil servants who had been trained to perform mere routine administration jobs only.

Despite two Five-Year Plans (1950-54; 1957-61) conceived without any real knowledge of local conditions, by foreign advisors, the country was still stagnant; the economy remained dislocated. Moreover the war-torn situation did not help.

The year 1969 marked the beginning of a new appraisal of the whole method of planning economic development, with the participation of all concerned in the public and private sectors; and in cooperation with foreign aid organizations like the ADB, OTCA, USAID, Colombo Plan, Mekong Committee, UNDP, etc.

The highlights of the appraisal could be summarized as follows:

(i) The whole economic development policy has been framed in our first realistic Five-Year Plan (1969-74) with its objectives, ways and means of implementation, evaluation machinery etc.; and for the first time, with the participation of the private sector (agriculture, industries, trade, transportation, etc.).

(ii) Due to the military situation and political disturbances prevailing in our country, most of our outside Vientiane Plain projects had to be postponed, and at the same time, in order to concentrate more efforts in the sole safe area, our Government set up a new organization, the Agency for Development of Vientiane Plain, which is responsible for the implementation of projects scheduled in the Five-Year Plan in the Vientiane Plain.

The main objectives of our Agency are:

(i) To coordinate feasibility studies of projects to be implemented in the Vientiane Plain.

(ii) To implement projects according to objectives fixed in development programmes laid down by the Government and approved by the National Assembly.

(iii) To manage the projects in a business-like way under the control of the National Board of Planning.

This is the first time that our Administration has accepted the necessity to "manage government projects in a business-like way" and such an attitude implies, mainly:

(i) a thorough knowledge of the integration of all the development schemes (irrigation, livestock, agro-industries, marketing, etc.);

(ii) accurate information of market fluctuations and market networks;

(iii) a close relationship with the private sector, which can provide potential investors.

In general, the third item is by far the most important, in order to convert into reality these development schemes.

During the previous decades, government officials have always treated the business circles with a certain contempt. The situation was more aggravated when the majority of Lao nationals, graduates from vocational schools, high schools and universities, were only willing to enrol in the civil service, thus leaving the entire industrial and trade sectors in the hands of foreign communities. The attitudes are now changing gradually, and in order to create a real dialogue between the public and private sectors, we are recommended to open the doors of the economic development decision-making mechanism to private managers.

Despite our awareness of our problems, they still remain very difficult to solve; to change right away such an attitude requires a great deal of courage. That could only be done step by step. But unfortunately, the development action requires in general a quick change of all our attitudes. That is our present dilemma.

In addition, in connexion with the improvement of relationship between the public and private sectors, we should improve also the organization of personnel management in the private sector itself.

Contrary to the public sector, our private sector personnel has no health care, compensations or retirement schemes, thus there is less prestige and more uncertainty for those who work for private companies. And most of the time the relationship between the managers (or the owners) and the employed personnel is impregnated with paternalism.

It is imperative, therefore, that we organize the private sector in such a way that more stability and incentives would exist within it, and on a scale similar to the public sector. Then, one could hope that gradually, all the complexes (inferiority, superiority, etc.) now existing would cease and a better dialogue would then become possible between public and private management personnel, as they would then attack problems in a similar way.

I think that is the first barrier we should overcome if we really wish to have an effective, coordinated, and active strategy for economic development from both the public and the private sectors. For as long as the public sector management personnel maintains a "mandarinal" attitude, and as long as the private sector thinks only of making money at all costs — even at the cost of a better development of our economy — our economic situation will remain stagnant, and it may even deteriorate

NATIONAL DEVELOPMENT AND MANAGEMENT RESPONSIBILITY WITH SPECIAL REFERENCE TO MALAYSIA

Doh Joon Chien

INTRODUCTION

National development is dynamic. It is born out of both dissatisfaction with the existing state of affairs in a country and a confidence that conditions in it can be improved.

The process of development affects the entire society and a host of related changes are promoted together. These may be economic, political, social, ideological, psychological, or cultural. In a world linked increasingly closer together by mass communication media, no traditional society can remain the same once it has become involved in the process of development. With the advent of developmental changes, both the ecology of government and business undergo a process of transformation, as the process of development has a profound impact on the role and function of both government and business, resulting in substantial changes in the ecology of both these sectors. What have been some of these ecological changes? What are the implications for management? What should the response of management be? What are some of the areas in which management, in both the public and the private sectors, can fruitfully cooperate in discharging their social responsibility? These are some of the questions that this paper will attempt to answer.

THE CHANGING ECOLOGY OF GOVERNMENT AND BUSINESS

The Ecology of Government

Under the impetus of development, governments of Southeast Asia have increasingly assumed a more positive role in the economic and social life of their countries. They are no longer satisfied with only maintaining law and order and collecting revenue. In varying degrees they have acted as a force in instigating development.

Many functions of government are now qualitatively different from the traditional ones. In the Malaysian experience two features can be identified. The first is that the government has focused its attention on such measures as development planning economic diversification, the forging of national unity, the reduction and eradication of poverty and the correction of economic imbalance between the races. The second feature is that there has been a conscious policy on the part of government to participate directly in industrial and commercial activities.

In his foreword to the *Second Malaysia Plan* (1971-5), the Prime Minister stated:

> . . . it is intended that there should be more active and direct government participation in commerce and industry so as to make a meaningful contribution towards attainment of the economic and social goals.[1]

And so in 1971, in addition to earlier government-financed enterprises like MARA and Bank Bumiputra, the government created PERNAS, a giant conglomerate which so far has entered, or is preparing to enter, the fields of insurance, transport, mining, trading and consultant services.

The pattern is therefore very clear that the role of government in the private sector will assume ever greater importance. This, of course, is a marked departure from the traditional colonial concept of government.

The Ecology of Business

The growth of government's role in the national economy has important effects on the private sector in Malaysia. To some extent the government has become a mammoth competitor to established private enterprise. The government-sponsored agency, PERNAS, for example, has just displaced the business community as the sole importer and exporter of Chinese goods.

Through its tax policies the government is influencing the direction of industries in the country. The Investment Incentives Act of 1968 and the Amendment to Investment Incentives Act of 1968, for example, have provisions for tax relief for approved manufacturing establishments granted pioneer status, and additional incentives for factories which are:

(i) Sited in a development area;

(ii) Producing priority products, such as electronic components; and

(iii) Incorporating the required percentage of local materials.

The expansion in the functions and role of government has one inevitable implication, namely, a rise in government expenditure. This means, among other things, a rise in the tax contribution of the private sector. New taxes have to be imposed such as the 5 per cent. Sales Tax introduced this year.

[1] **Second Malaysia Plan, 1971-75**, Kuala Lumpur, Government Printer, 1971, p. v

The ecological changes in both the public and the private sectors highlight the interdependency and complementary roles of both. Increasingly, business has to operate within a framework, planned by government in accordance with its development policies. For government, on the other hand, the accomplishment of its development objectives largely depends on revenue and investment contributions of the private sector.

IMPLICATIONS OF DEVELOPMENT FOR MANAGEMENT

Management cannot afford to be inward-looking. It has to respond positively to the various institutional changes taking place. This implies a willingness to see things in a new light and to do things in a new way without being hampered by established perceptions or practices. New questions will have to be asked and fresh answers sought.

In this section we shall explore a few of the implications of development for management in both the public and the private sectors.

Efficient and Effective Utilization of High-Level Manpower

Traditionally it has been normal for those in the public sector to draw a rigid line between persons inside and outside government service. Officials have tended to be distrustful of anyone not working in the public sector. To them the responsibility of government belongs solely to civil servants. Consequently there has been little attempt to make use of the knowledge and talents of those outside the government.

High-level manpower resources are scarce in Southeast Asian countries. Public officials have had no workable solution for combatting this problem, and such manpower as exist outside the public service have only been partially utilized; but they have, in the main, remain largely untapped for use by governmental officials.

As the challenge posed by development is very great, it is imperative that management, especially in government, should try to break down the barrier separating the public sector from the private sector and to mobilize efficiently and effectively the limited high-level manpower available to a country. The full utilization of such manpower will quicken the pace of development.

Responsiveness to the Public

Another implication of development for government management is the idea of responsiveness to the public. The relationship between those inside and outside the government in countries which had been under a colonial administration was generally that of the ruler-subject type. It was normal for government officials to be aloof and detached from the people. This kind of relationship is no longer tenable in the current context of development. A new spirit of service and responsiveness to the needs of the people has to be evolved.

This change has in some ways been reflected in Malaysia. A few ministers have begun to advise civil servants to adopt a new attitude in their dealings with the public. The Minister for Agriculture and Fisheries, Tan Sri Ghazali Jawi, advised his officers to adopt a positive approach in helping the people:

> We must go out to the kampongs, the fishing villages and farms to offer our help and advice and show them the modern ways of agriculture and fishing.
>
> The way to help the people is to get down to them, get close and then push them up.[2]

The Minister of Health, Mr. Lee Siok Yew, speaking at the opening of the Midwives Training School at Batu Pahat, emphasized the importance of polite service to the patient.[3] The Mentri Besar (Chief Minister) of Selangor reminded the staff of the Petaling Jaya Town Board that "Those of you who deal directly with people should not let the public wait for hours."[4]

Even though it is too early to assess how far these exhortations have influenced the attitude of government officers in their contacts with the public, the development is certainly a healthy one.

Perhaps a more concrete indication of government's responsiveness to the people is the setting up in August 1971 of the Public Complaints Bureau to ensure administrative justice and efficiency on the part of civil servants. Complaints in relation to incompetency on the part of government officials or agencies, rudeness and unjust decisions, all come under the jurisdiction of the Bureau. To make sure that the service of the Bureau would be readily accessible to everyone, representatives have been appointed throughout the country.

Letters of complaint are delivered post-free and all will receive replies. Three hundred complaints were handled by the Bureau during the first three months of its existence. If this office is able to redress injustices, it will serve as an effective instrument for ensuring that government officers become increasingly responsive to the public.

[2] **The Straits Times**, April 1972.

[3] **Ibid.**, 6 March 1972.

[4] **Ibid.**, 29 February 1972

Social Responsibility of the Business Sector

Melvin Anshen in an article on "A Social Role for Business" argues that it is no longer adequate for business to be only concerned with production and profit and to throw costs out on society. Instead, business has to contribute to the solution of social problems whether they are environmental pollution, racial discrimination or urban decay.[5]

American corporations have increasingly come under fire and blamed for all troubles in society.[6] Even though in Southeast Asia there has been no discernible movement on the part of the public to pressurize the business sector to become more socially responsible, the lessons of the more developed countries of the West are very clear.

Generally speaking, the private sector in Southeast Asian countries has yet to become an important force in the social sphere. It has hardly been alerted to problems of environmental pollution, social injustice or unemployment. Neither has it been much involved in nurturing arts and culture or higher education. Insofar as Malaysia is concerned, while token grants af scholarships have been proferred, contributions are really very meagre in relation to profits.

The total contributions of the private sector, including grants from overseas, for the University of Malaya, for example, have amounted to only $4,551,032.71 from the period of the 1920's onwards (when the King Edward VII College of Medicine and Raffles College were founded) to the end of 1970. The private sector has not been particularly helpful in absorbing skilled graduates from the government-sponsored Dusun Tua scheme. For the past six years, out of 2,346 of those who have undergone eighteen months of training in practical subjects, less than [illegible] per cent. have been employed by the private sector. It is only now that the private sector has begun to take some interest in providing a modest assistance to Dusun Tua.

Unless the private sector becomes more and more sensitive to social needs and able to adapt itself increasingly to a more positive role in the social sphere, the danger of a substantial transfer to the public sector of its free-enterprise activities will gather momentum. We have noted that this is to some extent taking place in Malaysia. It is time now that the private sector should alert itself and arrest this trend by visible action. Such action will be based on an awareness of the priority needs of government and society. Instead of planning its business activities exclusively on the basis of internal costs and profits, management philosophy in the private sector may have to be equally sensitive to social costs and benefits of enterprise; and thus to manifest its social relevance in addition to profits. In Malaysia it will be salutary for business to respond positively to government's industrial strategy by diverting resources to activities which are labour intensive, export-oriented and sited in the less urbanized areas. In doing so businesses will not only take advantage o ftax incentives provided by government but also make themselves socially relevant.

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[5] Melvin Anshen, "A Social Role for Business", in **Dialogue,** Vol. 4 No. 3 (1971).

[6] **Newsweek,** 24 May 1971.

To carry out such projects, business managers will be required, not only to make profits for their organizations, but simultaneously to contribute to the eradication of poverty, urban slum or environmental pollution. In other words, there is a need to develop a new class of managers, who are innovative and creative, who will be able not only to satisfy business aspirations but social aspirations as well.

Towards this end, the university has an important role. Traditionally the curriculum of business training has limited its scope to subject matter which would contribute to the making of sound business decisions and the acquisition of the necessary management techniques. It will become increasingly more desirable for business training to include coursework designed to instil and develop the social responsibility of its trainees.

Strengthening Management Capability

Both government and business management have to strengthen their capability to meet effectively the challenges posed by development. This can be done by way of management education, improvements in management techniques, and increased professionalism. Management capability in government therefore cannot afford to remain static. The same applies to management in the private sector.

In addition, apart from other impacts of development, more and more the business sector in Southeast Asia has to adjust itself from its traditional role of being mere buyers and sellers to that of being manufacturers of products. Industrialization therefore exerts even greater demands on management in the private sector.

(i) *Government management.* Malaysia has taken some positive steps in the area of management improvement. The government has committed itself to a programme of training and staff development to upgrade the capabilities of civil servants and to deal effectively with problems arising from economic and social change. An in-duction course of a few weeks' duration is offered at the Staff Training Centre of all new recruits into the administrative service. For those officers with two to five years of working experience in the service, the government makes use of the one-year Diploma in Public Administration Programme offered by the University of Malaya to equip them with a general knowledge of public administration and to improve their managerial capability. In addition to this, the Staff Training Centre also offers a one-year Management Analysis Training Programme for graduate officers with a minimum of three years of working experience. To further speed up the training of civil servants, the Staff Training Centre will soon be upgraded into the National Institute of Development Administration. For the period 1971-5 training opportunities will be made available to a total of 695 officers. The government is thus taking seriously the promoting of management skill among civil servants.

Another step in management improvement has been the modernization of the budget system. The system inherited from the colonial administration was essentially concerned with the control of objects of expenditure rather than with performance. In order to reform this outmoded system the government has introduced Programme and Performance Budgeting to provide more meaningful data, and thereby improving the basis of decisions.

A noticeable sign of increased professionalism is also evident in the public sector management. The Malaysian Society for Public Administration was formed in 1968. It has been publishing a journal entitled, *Tadbiran Awam* (Public Administration) on a biannual basis. In addition, the Society has also been publishing a newsletter carrying brief views and news on administration, a few times a year.

(ii) *Business management*. It is essential that the private sector should have a high-level of management expertise if it is to play a vigorous role in development. Historically in Malaysia the private sector has been primarily concerned with family business, and buying-and-selling types of enterprise. To cope with the demands of modern commercial and industrial activities, it is even more important for management to be knowledgeable, skillful and up-to-date. Large westernized business concerns have either in-service training programmes of their own or have been taking advantage of local or oversea training opportunities for their staff. Business has also realized the need to have institutional means to further the promotion of management. The Malaysian Institute of Management was inaugurated in 1966 for this very purpose. It has conducted many courses for improving the knowledge and skills of managers. In addition, it has been publishing at a regular interval a journal entitled *Malaysian Management Review*. More recently the Malaysian government and MIM have jointly undertaken a survey to identify the management development needs in West Malaysia and to determine the extent to which such needs have been satisfied. An acceleration of this trend in management improvement can bring substantial benefits.

PUBLIC-PRIVATE SECTOR COOPERATION

Disparate efforts on the part of the public and the private sector management cannot produce maximum impact on the pace of development. Moreover, there is even the danger that the results may not only fail to complement each other but may in fact cancel each other out. The benefits of synergistic effects can only be obtained through cooperative efforts on the part of both sectors. Management in government and business can discharge its social responsibility more effectively if there is mutual cooperation. What are some of the major areas in which the two sectors can work together fruitfully?

(i) Joint planning

The private sector has made only a meagre contribution to development planning in Southeast Asian countries, and participation, on its part has been either irregular or on an *ad hoc* basis. This could hardly have been otherwise, as it is only the public sector which has been equipped to undertake development planning on a macro scale.

For joint planning to be meaningful, and for influence from the private sector on development planning to be substantial, it will be necessary for the private sector to establish planning organization and develop planning capability so as to encompass, if possible, the entire sector, and in some ways to match the capability of the government. In the case of Malaysia, for example, the need for the establishment of an economic research institute has been suggested.

(ii) Training

Training of personnel is another area in which the public and private sectors can beneficially cooperate. If government is going to provide some of the training of personnel for its private sector, it will be more fruitful for an arrangement to be made by which the latter, while leaving the government to give the necessary training, will set its standard and its requirements. The skills acquired under such a training arrangement will be more marketable. The Malaysian government has created a National Advisory Council on Industrial Training for the purpose of advising government on training matters with representation from both the public and the private sectors.

It is also possible for government to specify the standards and the requirements for its trainees while leaving the private sector or the university to provide the training. The Diploma of Public Administration programme at the University of Malaya, for example, operates under such an arrangement.

By working closely, the two sectors can supply each other with trained personnel of the right type. This will reduce the frustration resulting from personnel from one sector trained in methods which do not satisfy the employment criteria of the other sector who may wish to shift from one sector to the other.

(iii) Public enterprise

The growth of public enterprise in Southeast Asian countries is on the increase. In such enterprise it is not unusual for civil servants to be used for staffing top management positions. However, as these undertakings are often operated along commercial lines, it may seem very desirable that there should be an inflow of private sector managerial expertise as well. Public enterprise is certainly an area in which the pooling of managerial resources from both sectors will enhance its effectiveness.

At present because the Malaysian civil service is by and large a closed one, it has not really been possible for managers from business or experts from the universities to serve in government on a full-time basis. Although recently there has been organized discussion regarding the exchange of staff between the two sectors, the most simple and effective method may be the partial opening up of the civil service to encourage mobility of staff between government and business.

(iv) Policy studies by universities

In general, countries in Southeast Asia have not fully utilized the potentialities of knowledge and talents of universities and institutions of higher learning. In developing countries in which high-level manpower is one of the most scarce resources, the continuation of such a state of affairs is unrealistic, wasteful and incompatible with the demands of development.

One area in which the universities can make tremendous contribution to national development is policy studies. Such studies can be either designed to provide guidance in the formulation of new policies in the future or for dealing more efficiently and effectively with existing problems.

There is a general impression that compared with the more industrialized countries, the government services in Southeast Asia are highly understaffed. Generally, high-level officials are hard-pressed for time trying to cope with routine work, meetings and problems arising from development. More often their time and effort are rigidly geared to demanding routines and datelines It may be too much to expect them to spend time looking in any depth beyond the present towards the speculative issues of the future. Nevertheless when the future becomes the present, and when policies have to be formulated in a crisis or near-crisis situation, important decisions will have to be determined on an *ad hoc* basis. It is not uncommon that in a decisional environment, characterized by an absence of advanced thinking, a dearth of studies and documentation, and a paucity of data in general, civil servants are left only with experience, qualitative feel and intuition to guide them in making policy recommendations to their political superiors.

Ad hoc decisions and haphazard approaches, even if adequate in the past, will no longer be satisfactory in the future when the momentum of development gathers speed and when the functions of government become even more complex. Moreover, *ad hoc* decisions, even if appropriate and relevant in the context of a particular circumstance, may be detrimental to the long-run well-being of a country.

The undertaking of policy studies is thus an area in which the government and the universities can usefully cooperate for their mutual benefit. The role of the civil servants will be to identify existing or potential problem areas, while delegating the responsibility for the actual studies to the university staff or even the business sector. If policy studies are carried out in areas ranging from foreign policy, the demand for, and supply of, saleable graduates, to rice production, firmer data will become available when decisions of a policy nature have to be made.

Such a cooperative effort between the government and the universities will not only benefit the government and the country but will also provide ample opportunities for scholars to relate theory to practice, thereby offering a rich experience to those directly concerned, and to the entire university community.

CONCLUSION

National development affects the entire fabric of a society. New demands and challenges are posed to government and business management. It has to comprehend the many implications of development and to initiate responses accordingly.

In this paper we have identified four courses of action which deserves management attention:

(i) Management in government should make every effort to pull down any barrier between the public and the private sectors and to ensure that the scarce high-level manpower both inside and outside government is employed efficiently and effectively.

(ii) Those in government have to be increasingly responsive to the needs of the people.

(iii) Business management has to assume a much bigger role in the solution of social problems; and

(iv) The capability of management in both the public and the private sectors has to be consciously strengthened in order to cope with the changes associated with development.

Both sectors can make more progress towards the objectives of development if they cooperate with one another and complement each other's efforts. Areas in which such cooperation can be productive include joint planning, training, public enterprise and policy studies.

In Southeast Asian countries management lives in an exciting era. It can contribute substantially to the process of national development, if it so desires. Let us hope management will take up the challenge.

THE GOVERNMENT AS AN ENVIRONMENTAL FACTOR IN PHILIPPINE PRIVATE ENTERPRISE MANAGEMENT

Jaime C. Laya

Writing almost 200 years ago, Adam Smith outlined his concept of the role of the sovereign in a system of free private enterprise. He envisioned the role of the sovereign and the government as basically that of supporting commerce and industry, with three basic functions:

(i) protecting the society from the violence and invasion of other societies, a duty which can be performed only by means of a military force;

(ii) protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and

(iii) erecting and maintaining those public institutions and those public works, which though they may be in the highest degree advantageous to a great society, are, however, of such a nature that the project could never repay the expense to any individual or small number of individuals, and which it therefore cannot be expected that any individual or small number of individuals should erect or maintain.[1]

Adam Smith classifies under the third item roads and other public works, consular and colonial undertakings for protection of traders in "barbarous and uncivilized nations" and public instruction.

This paper attempts to describe the relationship of government and private enterprise in the formerly "barbarous and uncivilized nations" now striving for economic development. Particular reference is made to the viewpoint of the manager in a Philippine private enterprise.

THE GOVERNMENT AND ECONOMIC DEVELOPMENT

The desire to accelerate development has brought about a more assertive government role compared to that outlined by Adam Smith for a purely *laissez-faire* economy.

Among the poorest nations in the world, the per capita Gross National Product (GNP) of Southeast Asian countries averaged US$170 in 1969,[2] or just a little over 4% of the per capita GNP of the United

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[1] Adam Smith, **The Wealth of Nations**, London, 1776.

[2] World Bank, **Atlas**, 1972.

States, about 7% of per capita GNP in the more advanced countries of Europe and North America, and about 12% of the per capita GNP of our most developed neighbour, Japan. The GNP growth rate in these developing countries is similarly small, averaging 2.1% per annum over the period 1960 to 1969. Population growth rate, on the other hand, has been increasing at an average 2.8% per year. In contrast, GNP growth rates were 10% for Japan, 3.2% for the United States, and 4.8% for France during the same ten-year period. If this persists, therefore, the Southeast Asian countries will never be able to catch up, falling ever further behind in terms of aggregate and per capita GNP.

Prompted by a desire to narrow the socio-economic gap between the developed and underdeveloped nations, governments have tended to adopt an aggressive stance in using the resources and powers at their command. This has inevitably resulted in the expansion of the scope of government activity as manifested in the formulation of a progressively more sophisticated planning process, covering broader and broader areas of the economy.

In the Philippines, the general development targets for 1972-5 have been announced as follows:

(i) higher per capita income arising out of a greater increase in the national output relative to population;

(ii) a higher rate of employment requiring the promotion of sustained employment opportunities for a larger group of citizens;

(iii) a more equitable income distribution, in order to reduce social and income inequality;

(iv) regional industrialization and development as complementary to the goal of wider income distribution; and

(v) internal economic stability by means of sound tax and monetary policies.[1]

In the achievement of these targets, government economic planners have adopted a national strategy of export expansion and the encouragement of labour intensive enterprises and have identified the priority areas of land reform, manpower training, developing infrastructures, social welfare and community development, cooperatives, educational reforms, housing, rural electrification, and food production, export promotion, tourism, cottage industries and employment, land distribution, and health. Specific targets over a rolling four-year period have been established in the government's planning effort.

[1] National Economic Council, **Four Year Development Plan, 1972-75.**

Clearly, government thinking is to try to channel national resources as a whole towards the priority areas in a manner calculated to attain the development targets. This involves the traditional factors of production of land, labour, capital, and entrepreneurial skills, both in the private and in the public sectors. Business managers will recognize this concept as the public sector application of the concepts of strategy and policy formulation and of planning and control. The overall goals are not profitability or obtaining a greater share of the market, but growth in GNP, employment and the other previously described goals. The resources are not the men, material, machines, and money in the firm, but the aggregate of the resources of the country. The tools are not the usual managerial tools alone, but are the monetary, fiscal and other powers of the government.

The gap between classical economic thought and the current view of government planning is wide indeed. The assumption in Adam Smith's thinking is generally that economic development is the logical consequences of free private enterprise supported by the government through the provision of defense, justice and public works. On the other hand, the current economic development thinking highlights the government's responsibility to provide the catalyst for economic development. The private sector is in effect simply a participant in the process of economic growth.

It is in fact both explicit and implicit in much government planning efforts that a major problem is how to be able to direct the activities of the private sector towards national objectives and plans. In a basically free private enterprise such as the Philippines, the government faces the basic problem that the realization of its plans depends to a very large extent on what the private sector does. This is clearly seen in national product accounts where estimates show that Philippine government expenditures (both current and capital) were only 9.97% of the GNP in 1971. The decisions with respect to the usage of the factors of production are mainly within private industry and are decided through the automatic workings of the market economy. As in any other situation where one party proposes and another disposes, the plans are many times unrealized, to the frustration of all concerned. A key problem is thus that of ensuring the implementation of announced plans.

TOOLS OF GOVERNMENT

The government has a range of tools and techniques at its command to help ensure private and public sector consistency, an array of "sticks" and "carrots" as it were. For the past three decades or so, Keynesian economics have been at work in the use of government monetary and fiscal tools in regulating aggregate economic activity. The interest rate, general credit availability and other aspects of monetary policy have related effects. Foreign exchange regulations assume importance in economics that rely heavily on external trade. In addition, the government regulates access to natural resources in the public domain such as forestry and mineral rights. Private enterprises in the Philippines operate within what is to a very great extent a government-directed business environment.

Business managers used to have fairly limited dealings with the government. In times past, the bureaux of Internal Revenue, Customs and Labour were the main regular government contacts of the typical business organization. The quality of the contact was probably also limited to smoothing over tax, import and labour difficulties as the case may be. For some companies and industries, further contact may have been necessary to secure continuing government patronage of their products. At the present time, business organizations, particularly the large and medium-sized ones, have to deal with the government on a broader front, as financial arrangements, both domestic and foreign, require government involvement of some kind; while foreign exchange allocations to meet raw material, capital goods and other imports likewise need government approval. Prices oftentimes cannot be changed without similar government blessing.

Some of the more significant aspects of such an environment in the Philippines are discussed below.

Licensing and Regulation

The government functions of licensing business activity are exercised by the Securities and Exchange Commission which passes on the incorporation of domestic corporations and the registration of securities for public sale. Related functions are performed by the Bureau of Commerce for proprietorships and partnerships. The Board of Investments evaluates applications of foreigners to do business in the Philippines.

Specific industries are subject to more detailed regulation by agencies of the government which are assigned that responsibility. Public utilities are regulated by the Public Service Commission, which decides on rates charged by electric companies, communications, companies, transportation firms, and other utilities. The Central Bank supervises the activities of banking institutions. The Department of Education supervises the activities of educational institutions organized as stock or non-stock enterprises. Companies engaging in mining, logging and certain other lines of activity are similarly regulated by the appropriate government bureau or agency. All companies deal with the bureau of Labour and Internal Revenue.

Two recent developments have been the institution of direct price controls covering certain industries and commodities, whereas price controls were previously limited to public commodities. The petroleum industry began to be regulated in 1971 with the creation of an Oil Industry Commission (RA 6173), with comprehensive authority over petroleum companies. A law (RA 6139) has been passed regulating increases in student fees among private educational institutions. A Price Control Council was created about three years ago to monitor and regulate wholesale and retail prices of prime commodities.

Investment Incentives.

It is estimated[4] that the government accounts for only 6.8% of the total Gross Domestic Capital Formation, with the remaining 93.2% being accounted for by the private sector. To channel the maximum amount of the private sector investment possible into national priority areas, the Philippine government has evolved a system of investment incentives consisting essentially of tax exemptions, tariff protection and various other tax and non-tax advantages. As provided for by law (RA 5186 and RA 6135), these incentives apply to investments approved by the Board of Investments as being of high priority within the context of development goals. Through this technique, investments have been channelled to priority areas defined on the basis of employment generation results, linkages with existing industries, regional dispersal goals, export development targets, and foreign exchange implications.

Credit Availability

The Philippines' major sources of long-term domestic credit are the large government financial institutions. The largest of these, the Development Bank of the Philippines, had outstanding loans of 2.5 billion at the end of 1970, representing loans granted to practically all sectors of the economy. As of the same date, the Government Service Insurance System had outstanding loans of 1.5 billion, and the Social Security System, of 661 million. By the simple method of establishing loan priority schemes, these government financing institutions can open or close credit to a given industry or to a given type of industrial activity.

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[4] Ibid.

Less direct controls are imposed with respect to loans made by banking institutions. The Central Bank regulates its rediscount operations, thus effectively limiting or expanding bank lending capability. Allowable limits on the total rediscount capacities of banks are imposed by the Central Bank. Priority areas are also established for the types of commerical paper which qualify for rediscounting.

External Debt Management

A law (RA 6142) was passed in 1970 prescribing the limits and criteria for government foreign borrowing. It laid down a ceiling on the country's external debt, thus introducing a constraint on the flow of foreign credits to the public and private sectors. With this law and as a result of closer supervision over the country's foreign debt position, companies could no longer freely obtain foreign financing for their operating and capital requirements.

In 1970, the Central Bank established an External Debt Management Office to ensure a more efficient regulation of the Philippine foreign debt. Among its initial regulations was prohibition against banks' selling foreign exchange for the amortization and interest payments of loans unless the foreign debt is duly registered and approved by the Central Bank. This particular regulation is effective in the light of other regulations which require Filipinos to sell to the Central Bank all foreign exchange receipts. Quotas governing loans of specified maturities approved by the Central Bank in effect encouraged borrowing to be at least five years in duration.

The likely cause of the regulations on foreign borrowing was a balance-of-payments crises in 1970 which was precipitated, among other factors, by the bunching of the maturities of foreign loans contracted by both the private and public sectors prior to the regulation of external debts.

Government Competition

The government competes directly with private industry through government-owned corporations. Government policy appears to be that of keeping out of business undertakings, the better to concentrate on the rendition of essential public services. Despite pronouncements to this effect, however, there are at least fourteen more or less active government corporations which could be considered as competing directly or indirectly with private industry.[5] Most of these corporations

[5] Manila Gas Corporation; National Power Corporation; Philippine National Railways; National Shipyards and Steel Corporation; National Development Corporation; CEPOC Industries, Inc.; People's Homesite and Housing Corporation; National Housing Corporation; Rice and Corn Administration; Greater Manila Terminal Food Market; Philippine National Bank; Philippine National Cooperative Bank; Philippine Veterans' Bank; and Manila Hotel.

cannot be considered to be as efficient as private companies in the same line, but they nonetheless serve to increase the level of competition in the industry. It should be noted, of course, that many of these companies were the pioneers in their respective industries, established precisely to demonstrate the viability of previously untried enterprises.

COORDINATING DEVELOPMENT PLANNING AND ADMINISTRATION

The full potential of the tools of government direction have not been fully realized in the past, either for lack or coordination or due to these measures not being fully implemented. Government offices responsible for the formulation and implementation of policy and procedure within their sphere of responsibility have done so more or less independently of, and often at cross-purposes with each other. Thus, one sometimes found that an ostensibly top priority industry still encountered difficulties in obtaining necessary foreign exchange or needed financing, while on the other hand, a low priority industry sometimes was granted the credit which was denied others with higher priority.

Only in recent years has the government addressed itself to the problems of comprehensive planning and coordinated action. Identical problems of coordination are of course faced by private enterprise managers, but because of their smaller size, organizational outlook and other factors, private industry is able to plan, organize and control its activities with generally more satisfying results.

There are several prerequisites of concerted action on the part of the government monetary, fiscal and other agencies which affect the business climate. One might mention three key managerial elements of planning, organizing and controlling.

The Planning Process

The establishment of realistic plans requires the involvement of the agencies and persons affected. It has been observed that many government plans really have not been plans as much as lists of wishes on the part of the planners. To be fully workable, a plan should be as specific as possible in terms of (i) targets, (ii) productivity expectations and relationships, (iii) staffing, material and other resource requirements, and (iv) budgets. At the same time, these plants should be understood and accepted by all the agencies covered, the better for the plan to serve as a guide for eventual action.

Priority areas need to be specifically defined. Plans which are not selective and which enumerate all conceivable targets in all areas are not plans at all. Vagueness in formulating objectives and priorities simply beg the question of resource allocation and serve as an inadequate guide for individual government agency action. Business planning avoids this mistake by insisting on specific resource, revenue and cost estimates for individual responsibility centres and by evaluating performance on the basis of approved plans.

It is also important to reflect the projects and plans of all agencies of the government, particularly special projects of a regional or local nature.

Organizing for Coordination

The existence of the most excellent plan is of little value if the organization is not established which will ensure the effective implementation of the plan by all the agencies concerned.

This type of coordination exists in the Philippines in the Financial and Fiscal Policy Committee which was created in 1967 as an advisory body to the President of the Republic. The Committee was charged with the responsibilities of

> . . . coordinating and synchronizing the borrowing activities of all government corporations, political subdivisions, agencies and instrumentalities of the National Government, including the preparation of a government-wide financing scheme programme and foreign borrowing proposals of various government instrumentalities, developing standards and criteria for security issues of the National Government and its instrumentalities; and designing a programme of legislative amendments and enactments required to implement a comprehensive programme of financial and debt management controls.[6]

Under subsequent Executive Orders, the Committee was also charged with the responsibility of preparing the annual capital development programme of the government which serves as a guideline for releasing public works funds. Furthermore, the Committee oversees the financing aspects of government corporations and financial institutions, asset disposals, and other related matters.

The comprehensive responsibilities of the Committee thus cover (i) the determination of size and areas of government expenditures, both for operational and capital outlays; (ii) the evaluation of tax and tariff structure, and other sources of government revenue, as well as tax administration problems and tax exemption laws currently in effect;

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[6] Executive Order No 97, 26 October 1967.

(iii) the review and development of a government borrowing programme, both domestic and foreign; and (iv) ensuring the consistency of the lending activities of government financing institutions with planning priorities.

Implementation and feedback is sought to be achieved in the composition of the Committee, which consists of the Secretary of Finance as Chairman, and the heads of key government planning, monetary and fiscal bodies, and of government financing institutions, as members. The composition of the group ensures close working relationships and has, in this way, assisted in the recognition of areas of possible mutual assistance such as debt clearing among government agencies, and the application of total government sanctions to ensure compliance with the regulations and policies of any given government body.

Management Control Mechanism

The dynamic nature of the planning process makes it essential for data on actual performance to be fed back to the government agency specifically involved, and to the government planning and coordinating agencies. These data, moreover, have to be in a form that is consistent with the planning document. Data on actual performance is intended to serve as basic for judging effectiveness of the business or government unit concerned, as basis for updating the plan itself and for any necessary corrective action.

Government reporting requirements are numerous but unfortunately, all too often are incomplete with respect to the type and quality of information required, and sometimes pointless from the standpoint of planning and control usefulness. This could be the reason why submitted information is oftentimes not analyzed and when analyzed is often too late to help guide government action and in updating plans.

Pertinent information should be promptly available in usable form to be able to serve planning and information requirements.

BUSINESS MANAGEMENT IN A DEVELOPING COUNTRY

Some of the determinants of the scope and nature of the management function in a developing economy are suggested below.

Role of Business in Economic Development

It seems almost too obvious to point out that private enterprise managers must have the vision to fully appreciate their role in economic development. The rationale of private enterprise in a developing economy is not to make money, or to gain a larger share of the market, or to achieve a targeted return on investment. Within the context of economic development, it seems more appropriate to define the role of industry as that of helping to produce the necessary commodities and services, that of helping provide employment, and in general, that of contributing to a faster socio-economic growth.

It is the responsibility of private enterprise managers to apply their business training and viewpoint and consciously to seek out areas of national need and then to exercise initiative in pioneering, or otherwise helping in, the development of these areas. It is their responsibility to contribute a careful business and economic analysis of policies affecting industrial development and to assist in translating in meaningful terms the resource requirements and implications of what have been identified as areas of national need.

Innovation in Management

The business manager in a developing economy has to be more innovative than his counterpart in the more advanced economy. The volatile nature of the business environment is manifested in a number of ways. The raw materials export-orientation of many developing countries renders them susceptible to economic fluctuations in other nations. Limitations on credit, foreign exchange and other facilities and resources pose greater worries to the manager in a developing country. The enterprise is often beset by unreliable raw material sources; difficulties of maintaining foreign-made equipment; dealing with a workforce that may not necessarily understand quality control and scheduling requirements; and a population that is as yet unused to the more sophisticated aspects of a market economy.

At the same time, however, opportunities are great. Market possibilities and untapped natural resources oftentimes are numerous. Products, technology and experience of other countries offer profitable possibilities for local adaptation.

All these call for an innovative manager with a lively imagination and persistence to be able to surmount existing constraints and to recognize and take full advantage of opportunities whenever they exist.

Social Responsibilities

The private sector tends to have on the average better or more managers, technicians, equipment, and other resources. It may have by this fact the capability of assuming greater responsibility for tasks which may otherwise be considered as above and beyond its duty. In a country where the government cannot afford full-scale programme of social relief, industry could perhaps help by initiating its own socially-oriented projects, and possibly the manufacture and distribution of commodities which may not meet the usual standards of profitability but are necessary for purposes of balanced national output. Firms within industry cannot and should not be considered as charitable organizations, but there is a need for them to voluntarily undertake some socially-motivated undertakings.

Need for a Nationalistic Outlook

Managers in developing countries inevitably face problems of deciding what is and what is not in the national interest. The concept of nationalism has often been misunderstood; but defined in its essence as doing what is best for the national interest, it offers a meaningful criterion for decision-making in both government and industry. Foreign investment and competition should be encouraged to the extent that these are beneficial to national development targets, but no more. At the same times, it is crucial to avoid falling into the trap of being nationalistic simply for the sake of being so. Managers have to be broad-minded and at the same time nationally minded the better to be able to assist in the development process.

Sensitivity to Changing Government Policy

It often happens that government policy is not only all-pervasive but also ever-changing. New laws are periodically enacted which affect business operations in one way or another. Tax and tariff laws are never static. Existing incentives to business are sometimes dropped and new ones added. Currencies are devalued or revalued. Foreign exchange and credit regulations are changed from time to time. Announced government expenditures are sometimes altered in the course of the budget year.

Business managers have to be alert and sensitive to these developments in order to enable them to present their views on current policy or legislative issues or to alter company decisions and actions to optimize company response to the changed government policy.

CONCLUSION

The prevailing atmosphere between government and industry often seems to be one of wariness. One suspects that government officials sometimes view private enterprise managers as interested merely in all possible loopholes and shortcuts in the single-minded pursuit of greater profitability. At the same time, private enterprise managers could well be looking upon government bureaucracy as an unnecessary obstruction to efficiency as a result of meaningless or unthinking meddling. The government could be thus viewed as simply adding to the inconvenience of doing business. The outcome is sometimes a policy of non-cooperation with the government, manifested in such ways as concealing of data, bribing of civil servants, and as an extreme case, deliberate non-payment of obligations to government financial institutions.

A basic change in attitude seems to be called for. Both government and industry are partners in economic development, with a close and symbiotic relationship. On the one hand, industry has to depend on the government for the necessary support in terms of credit, foreign exchange, and for an overall atmosphere of certainty and stability. At the same time, the government is dependent on industry not only for the realization of development plans but also for the maintenance of government operations through tax revenue.

One implication of greater government efficiency in coordinating its activities is the progressively narrower leeway that will be afforded the private enterprise manager. An industry or a company identified as being of high priority would be given special advantages. An industry which is considered as overcrowded or as low priority would in turn find itself more and more at a relative disadvantage. This will be quite difficult to explain, particularly to managers of companies who may feel they are being discriminated against. Intentions may be misunderstood. There is therefore a need for industry to be more appreciative of the aims and methods of government planning efforts, and at the same time, a need for business to contribute its unique managerial viewpoint to help improve government planning and implementation of programmes.

In turn, government agencies often appear to attach greater importance to their regulatory duties than to their responsibility in facilitating and encouraging commerce and industry. More often than not, they appear not to fully appreciate the business viewpoint, the sense of urgency and the need for certainty and stability in the private sector. Business managers are often impatient, having been trained to make decisions promptly out of a need for immediate response to competitive factors, and with efficiency and timeliness as major criteria of the decision process. Numerous government formalities which may not make much sense to them in the first place, are sometimes real hindrances not only because of the effort and expense of compliance, but also because of the time lost.

The government should look into its own role of being more an accelerator and a steering wheel, rather than as a brake to business undertakings. It should strive to reduce uncertainties and instability instead of the other way round. At the same time, industry should be more understanding of the planning process and the overriding goals and strategy of development. Perhaps what is needed is for industry to be more statesmanlike and for government to be more businesslike.

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY: THE ECOLOGY OF GOVERNMENT AND BUSINESS

Wu Teh-yao

INTRODUCTION

When I was asked by the Director of the Institute of Higher Education and Development to present a paper on "Economic Development and Social Responsibility: the Ecology of Government and Business", I accepted the invitation mainly to force myself to set down on paper some of my thoughts in relation to the role of the university and national development: a topic in which I am interested. Little did I know that I was to be involved in a topic of which I know so little and yet on which so much had already been said. Since the arrow is already on the bow I had no recourse but to embark on the task. I soon found that the problems of economic development and social responsibility and the ecology of government and business cannot be brought out into full relief without going into the many dimensional problems which have bearings upon, and are related to, management education and the role of the university. The result is a paper, the three sections of which are separate, and yet, I hope, not entirely unrelated.

THE ROLE OF A UNIVERSITY

Twenty-five centuries ago when Plato dealt with the origin of the State in *The Republic*, he listed the merchant as an essential citizen. Although he prescribed the farmers as its first citizens, to be followed by craftsmen of various occupations, Plato had in his schematic structure special places for the warriors and even loftier positions for the guardians who were to be the rulers. The merchant came into being as a result of need. To find a place where nothing needed to be imported was, according to Plato, almost impossible. But Anthenians as a whole did not have a very high regard for the merchants who were regarded as the wanderers from one city to another to buy and sell. As for the retailer-traders, the Athenian intellectual elite held them in social condescension bordering on contempt. According to Plato, "In well-ordered states they are commonly those who are the weakest in bodily strength, and therefore of little use for any other purpose; their duty is to be in the market and to give money in exchange for goods to those who desire to sell and to take money from those who desire to buy."[1]

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[1] Plato, **The Republic** (English translation by Benjamin Jowett), New York, The World's Popular Classics, Books Inc., p. 56.

This condescending and at times contemptuous attitude of the intellectual elite and the ruling class runs throughout history and has persisted even among many intellectuals of today. The same contemptuous attitude was expressed by Napoleon. England to him was after all only a nation of shop-keepers. As history would have it, it was in confronting these shop-keepers that he met his Waterloo!

About a century before *The Republic* was written, Confucius was contemplating a social order of another kind. In his conceptual and philosophical scheme no special mention was made of the merchant. To him, a trader, like any other individual, was educable and in education there was no class distinction. He practised what he preached. His students were from all walks of life. But he did make a distinction about man. In the social framework of the Confucian order, the criterion of distinguishing a man's worth is his virtue, or moral attributes. If a man has the necessary moral qualities, he is a *tsun tze* or a "big man"; if not, he is relegated to the status of a "small man". Thus the cultivation and the attainment of virtues is the highest social value of society and of human conduct. In traditional Chinese society, a man was esteemed not on the basis of his wealth or the high public office he held, but on the stature of his moral attributes and character. Virtue, in the Confucian scale of values, is the primary and the root; wealth is the secondary and the result.

This value concept towards wealth had a profound effect upon the economic development of the nation. For centuries the intelligentsia of China was educated in this vein of thought which in time became a social ethos, vestiges of which can still be seen in Chinese society today. Thus the study of economics, much less the study of business, never developed into a discipline of study in the educational system in the long history of China. This value judgment has also left effects upon those whose occupation is to buy and sell. Until the early decades of the twentieth century, the merchant ranks fourth in the social ladder, after the artisan, the farmer and the intelligentsia. It is just one rung above that of the soldier who remains at the bottom of the social order.

This picture of social stratification may convey the impression of social rigidity. In actual workings in Chinese society, social mobility is achieved through the examination system administered by the State. Anyone, from whatever occupational class, who passed the government-sponsored examinations could rise to hold the highest public offices of the land. In this way as well as through marriage arrangements, a merchant's son or daughter could move into the ranks of the intelligentsia.

It must also be pointed out that despite the condescending attitude of the intellectual elite and the ruling class, merchants and traders have enjoyed playing important roles in politics in ancient days as well as in modern times, in the East as well as in the West. It was recorded in Chinese history that as early as the third century B.C., a successful merchant, Lu Pu-Wei, good use of his wealth to cultivate the friendship of a prince who later became the First Emperor of the Chin Dynasty. He also used his wealth and influence to gather together a group of men of letters of his day to write a classic, the *Lu Annals*. The story was that after the *Annals* were written, he offered a "Thousand Golds" to anyone who could improve on the text by adding or deleting even one character. Nobody did. But the story clearly demonstrates the power and influence of wealth, such as that wielded by a businessman, in politics. Such personalities and examples are not lacking in the history of other nations. The Rothschilds played important roles in many countries in Europe. Jewish finance through the political influence of Disraeli helped England to effectively control the Suez Canal. There is no doubt that businessmen of today play important roles in the election, rise and fall of presidents and prime ministers in faraway lands and in nearby countries of Coutheast Asia.

The attitude of condescension may have disappeared, but that of suspicion towards the businessmen remains. Yet the facts of life dictate that bread is the stuff of life. Without money, no country can function as a modern nation. The administration and management of wealth and finance requires special talent and a special breed of citizens. This human and social factor many intellectual elites in and outside of government are loathed to recognize. Herein also lies a dilemma: to let the businessmen run the business and the financial side of government or not? To let them run their own business as businesses are to be run or to put them in check? If restrictions are to be imposed, how much restriction is to be instituted so as not to dampen economic incentives? Then there is the glaring example provided by communist countries where it was found that party cadres, however loyal they might have been to state ideology and the party cause, were not the most efficient managers of factories.

If the intellectual elite have a condescending attitude towards the businessmen, the affection of the businessmen towards the intellectual elite is returned in kind. "Egghead" is sometimes used to describe the academic in the United States. The "bureaucrat," not in a complimentary sense, is becoming an international term to describe a functionary in government. Perhaps one of the reasons why in olden days Chinese teachers were paid so low in countries in Southeast Asia was the businessman's attitude towards them. Teachers were hired like *coolies*; principals were but head *coolies*. They were hired and fired like employees in a shop or company at the pleasure of the employer.

Underneath this mutually condescending attitude there exists also a paradoxical respect of one for the other. Deep in the hearts of the businessman is a respect for learning, and thus a kind of grudging admiration for men in the teaching profession. There is also the keen desire to hold government or public office. That is why in the olden days, successful merchants in China used to buy official titles so that they could wear the mandarin robes (a status symbol), during ceremonial functions or clan gatherings in their villages. Furthermore, since most of the businessmen themselves did not have the opportunities to receive formal education, they made it a point that their children's education was not neglected. Just talk to any businessman in Southeast Asia, and you will not fail to mark the intense pride and satisfaction of the parent who says that he has children studying in a local university, or better still, in universities in England, Australia or in the United States.

On the other hand, the intellectual elite are not unaware of the power that wealth could bring and the comforts of life that money could provide. In traditional China, wealth and high office were almost synonymous. But this value concept raises a moral and social problem which all governments have to face. It was this moral issue which made Confucius say, that when a country was well-governed, it was shameful to be poor; but when a country was ill-governed, it was shameful for it to be rich.

The cleavage between government and business exists. The intellectual elite of many countries in Asia are prone to seek socialist solutions to the economic ills, whereas businessmen tend to adopt a capitalistic approach to accelerate the country's economic growth. Such divergent views seem to provide the ecological climate for government and business.

It may be pertinent at this juncture to point out the experiences of some countries in the West and see how these mental and social gaps were bridged. While Napoleon was speaking contemptuously, "the nation of shop-keepers" was changing the political map of the world. Also by the end of the nineteenth century all major nations of the world realized that wealth came not only from the resources and products from their own countries but also from trade. The ideological concept of wealth and its uses was fostered in theological seminaries. Christian theologians were interpreting the *Genesis* to mean that God had given man the power of "dominion over the fish of the sea, the birds of the air, the cattle, over all the earth, and every creeping thing that creeps upon the earth". This theological blessing, enforced by the pulpit, together with the puritanical frugality of the Protestant faith helped to give rise to capitalism in the West. The theological hypothesis of the time, together with Adam Smith's *Wealth of Nations* radically changed man's concept of wealth. Trade became a very important and a recognized avenue of acquiring wealth. With it came the rising fortunes and social status of merchants and traders. Finally, it was in the United States of America that the crowning act was performed. Acquiring wealth became morally acceptable and socially respectable; and it was in such a favourable ecological climate that the Carnegies, the Fords and the Rockefellers were born. Nowhere else in the world is the status of the businessman so highly regarded. As a result, the business world was able to attract some of the best talents among American youths into its fold. It was therefore no accident that American business led the world for many decades. Politicians court the businessman's favour and support; government after government have sought his service and advice. Ambassadorial and cabinet posts have been offered to them in return for financial contributions towards political campaigns and elections.

This brings us to the role of universities in the overall economic development of the nation. In view of religious attitudes and in the absence of an effective pulpit, the universities in countries of Southeast Asia should take the initiative, and lead in formulating a system of economic values and acclimatize the population to certain habits and discipline of work while at the same time embarking on management education. At the turn of the century in China when athletics was first introduced, boys would turn out in long gowns and girls in *cheongsums*. Students then were not used to games. The public reaction was that they were playing instead of learning. Classrooms and libraries had to be locked to keep the students out. A couple of decades later when the value of physical education was recognized, the *gymnasiums* had to be locked to keep the students out. As a first step then, the university should attempt to educate and orient the students to the proper understanding of business motivation and work discipline. Hard work is the root; economic reward is the result. Economic development is the sum total of hard work plus the accumulative rewards of the individual, directed ultimately towards the overall social development of the nation.

If universities in Southeast Asia are to play a meaningful role in economic development, they must create and provide a conducive environment where government, business and universities could carry a three-way dialogue in an atmosphere of inquiry, understanding and trust. In this respect it is suggested that the business community be challenged and asked to provide the means to build and support a centre on a university campus where resident government officials, businessmen and academicians could be invited to discourse and share their views and experiences. Such a gathering should be as informal as possible. Such a centre could serve as a retreat for reflection and thought for the frustrated government officials and the ever-busy businessmen. Not least, it will also serve as a haven beneficial for the theoretically-minded academicians.

Concretely, it is suggested that the government make more use of the services of qualified businessmen for government missions. The Republic of Singapore, in appointing a prominent businessman, Mr. Ho Rih Hwa, to be its Ambassador to Belgium and concurrently its Representative to the European Economic Community, is taking a step in the right direction in providing a better relationship beween government and business. Such an appointment also provides an opportunity for a businessman like Mr. Ho to serve and contribute his services to his country.

MANAGEMENT EDUCATION

This brings us to the role of management education in the universities. At the present time much of the training is orientated towards meeting the demands of private sectors of business and industry. Often the demand comes from foreign companies and industrial enterprises. The curricula, with perhaps slight modifications, are replicas of management education of Western, particularly of American, universities. It must be emphasized here that in view of the nature of economic development in Southeast Asian countries, where foreign companies and business enterprises are pouring in, management education developing as it has in the last decade is an unavoidable process. After all, management education, stressing its scientific aspect, is a Western product. The teachers are trained in the West. It is only natural for universities in this part of the world to emulate the Western pattern. Furthermore, the economy of the Southeast Asian countries is linked up with the economic structure of the West. This region's trade relationships are global in scope. Thus management education must take into account its international nature and demand, and one should not quarrel with such a position.

In the long run, and viewing the nature of the economy and structure of societies in Southeast Asia, it would seem that a very strong case could be put forth to include management education for small and medium-type businesses, run and operated by local and traditional methods. After all, many of the students who received such education may have come from families which own such types of businesses and industrial concerns. It is in this area that management education should also direct its immediate attention.

Surveys and case studies should be made. For instance, one could study the strength and weaknesses of a family-run type of business. Why is it that in most cases the children in third generation are not interested in the business established by their grandfather? Or, why is it that the family-owned and operated type of business seldom lasts for more than two generations? Or, why is it that when a family is poor, the children seem to work harder and are more united? When prosperity is attained and after the "old man" has passed away from the scene, why is it that brothers and sisters often end up in law courts, not speaking to one another? Could the wealth, and the company, be maintained if "outsiders" rather than relatives are brought into the business?[2] Are there ways and means to help improve the management of small and medium-type of businesses owned and operated by the family?

It seems that there are many advantages in including such studies in management education in universities in Southeast Asia. There are, after all, more small businesses than big ones. More people are involved in small businesses which form the basic structure of the business community. Furthermore, a man can own a business which is his own, whether it is a little shop in a *kampong* or a tiny stall on the side-walk of a busy street or a movable cart doing business in a car park. He is his own *towkay*, having a sense of pride in achievement and a kind of dignity and self-reliance. Even if the business failed, and there are many such cases, the failure gives him an opportunity to go through the school of experience, which may prove to be a stepping stone to reach for bigger business ventures. Besides, the maintaining and strengthening of the small businesses may be in line with future plans for economic and community development to avoid the over-crowding of population and business enterprises in big cities. More important, the retention of the small type of business structure, with proper aid and guidance from the government, may serve as an alternative to complete state ownership of businesses, big and small

From the above remarks, one may now question whether the universities in Southeast Asia are really giving relevant management education to the local business community. Or is management education as a whole just catering to big business and producing the managers for foreign business concerns? Where in the educational process are local business practices and ethos taken into account? In 1947 Mrs. Franklin D. Roosevelt told a story about one of her forebears who went to China in the late 1890's to trade. Her forebear, then a young man, was disappointed because his counterpart did not go through with a deal although it had been agreed upon. Upon further probing from his superior, the young man said that he had insisted on a contract being signed. He was then informed about the way Chinese merchants conducted their business: in which the signing of a contract would be regarded as a humiliation and an insult. Even today many Chinese merchants conduct at lot of business by verbal agreement alone. Just a few weeks ago, a noted lawyer-scholar said that his father did not want to go to court to settle financial disputes with his business associates. Another businessman confided that he had to submit so many plans, estimates and projections for a loan that he vowed he would never attempt another. Such has been and still is the social and business ethos of Chinese businessmen.

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[2] For this aspect of the question, see the perceptive study of Prof. J. Panglaykim and Dr. I. Palmer on Oei Tiong Ham, published by the Institute of Business Studies, Nanyang University, Singapore.

There is no doubt that more and more written legal contracts will be used in business dealings. Business transactions are so complex and far-flung that written contracts are a must, especially in international business transactions. But how to take into account the social and business ethos of a large section of the business community and retain the human element of negotiation or through the good offices of a third party instead of going to court, is a human as well as a social problem that deserves study in management education in the universities. Of equal importance is the danger that inadvertently management education in this region may be producing another compradore type of management class of individuals who would look up to the well-dressed foreign businessmen but look down upon the ill-dressed local merchants.

In the preceding paragraphs we have discussed the type of management education for the universities in Southeast Asia. The next problem is: how much education? One likely phenomenon, if one makes a study of successful businessmen in Southeast Asia, is that probably very few among them have received university degrees, and fewer still have received advanced degrees in business or business administration. On the other hand, there may be quite a number among the *employees* of these businessmen who have received university and even advanced business management degrees. This is, of course, only a guess which can be challenged.

This sort of educated or uneducated guessing raises an intriguing question, and that is whether a successful businessman can be educated in the classrooms of universities. In the field of political science, the obvious tendency of those who obtained advanced degrees is to end up in classrooms rather than in parliamentary chambers or embassies. Whether those who are pursuing advanced degrees in business will follow a different course from their counterparts in political science remains to be seen. Again an educated guess is that most of them will end up in managing others' businesses instead of their own. Taking a note from this, it seems that it would be best not to be over-educated in management education. The over-educated person, especially with an advanced degree, may have the theoretical knowledge but may lose the faculty of shrewdness and judgment to act which is vital for success in business and effectiveness in management. In other words, he he may be lost in weighing the *pros* and *cons* and let his mental exercise carry himself away while business opportunities slip by.

On the other hand, under-education is equally bad. Admittedly it is difficult to define under-education. Perhaps a story told to this writer twenty-one years ago in Kuala Lumpur by an American businessman may illustrate the point. He said that his company was negotiating with a Chinese tin magnate to buy a huge pile of earth accumulated near the tin mine as a result of years of mining. The Chinese *towkay* was very glad to sell the pile of dirt for practically nothing and gave a feast to celebrate the occasion. He even laughed at the foolish American. The American who negotiated the buying was happy about the deal because his company did not have to spend too much money for equipment and labour to do the dredging. There was a ready pile of tin contained in the earth. The secret was that American science and technology had discovered a new process to extract tin. This was not known by the "under-educated" Chinese owner.

It is difficult to define what is meant by over- or under-education in business and management education. The situations mentioned above point to a need to combine theory and practice, thought and action, knowledge and judgment. In this respect, it may be most appropriate for re-structuring the curriculum of management education to include field work and case studies. Of the three or four years spent at the university, perhaps half a year or a year could be spent away from the campus under-going a planned programme of field work either in private concerns or public enterprises. Periodic visits to the campus for evaluation should also be arranged. In this way, management education will have roots implanted in the local soil, thereby increasing its relevance in contributing towards the total economic development of the nation.

SOCIAL RESPONSIBILITY

It is difficult to make money; but at times it is even more difficult to use money wisely. As it is with nations, so it is with individuals. So far, it seems that economic development or affluence has benefited a new world culture — TOURISM. No other industry has grown so fast; no culture has spread so wide with a universality and appeal of its own. In any big hotel in Singapore, Copenhagen, New York or Tokyo, one would find practically the same decor, the well-stocked arcades, the piling of bags and baggages, the colourfully dressed bell boys, the same anxious faces waiting for transportation to the next airport or destination. As a Harvard professor once remarked, "Standing in this lobby (in a hotel in Taiwan) one cannot tell whether he is in Washington or Taipei". If the benefits of the economic development continue the way they are, there will be many more citizens from Southeast Asia lounging in the lobbies of fashionable hotels with their fellow brethren from other parts of the world. Our world is keenly aware of a new culture being born. But must it be born from the womb of tourism? Must it be nurtured in the cradle of hotel lobbies?

Come what may, tourist culture or world culture, economic development is the avowed goal of all developing nations. One would suppose that if a nation sets its mind with the support of a disciplined and hard-working population, it is only a matter of a decade or two that economic rewards would come. In the last decade, practically all nations in Southeast Asia have increased their Gross Domestic Product ranging from 5 to 15 per cent.[3] How to use the newly-acquired wealth is also a problem. To use more money for military weapons for national defence (or offense)? One nation, Japan, is in the soul-searching process of finding an answer. To have more affluence for the people like what the United States has achieved? How much of the increased national income should go to projects for social welfare and services? How about the crucial problem of an equitable distribution of the fruits of economic development? This last is the question of over-riding importance which all governments in Southeast Asia must face and find a satisfactory answer, if not at least a minimum degree of sympathetic response.

It has been argued that it is too early for countries in Southeast Asia to talk about equitable distribution when there is nothing much to distribute. In many countries it will be sharing poverty. Let us have bread first before we talk about sharing, some would say. But in every country in Southeast Asia considerable improvements in economic

[3] See **ECAFE Yearbook for 1970** for details and country breakdowns.

development are discernible as indicated above. Despite the economic growth however, "The social progress so far achieved in the Asian region (including Southeast Asia) is far from satisfactory." This is the conclusion of an international forum held under the auspices of the Friedrich Ebert-Stiftung, in Bangkok, between 3-9 January 1971, when a group of scholars and experts assessed the social aspects of economic development planning in Asia.[4] "And there is not much of a sign that further economic growth would automatically lead to social advancement."[5] Such is the opinion of Mr. Erwin Kristoffersen, the Foundation's Regional Representative although exceptions, such as the social advancements made in the Republic of Singapore, were acknowledged.

Two or three decades ago, before many nations launched their economic development plans, poverty was an accepted condition by the general population. Now, with the reported increase in GNP and per capita income and the rise of tall air-conditioned buildings and luxury hotels, together with the influx of high-priced goods, men's desires and expectations are aroused. Some however question what all these increases mean in terms of real incomes. It is true that many people are receiving higher monetary incomes compared to what they were receiving a decade ago. But prices of commodities have also risen. And there are many more tempting things to buy. It may not be altogether true that the rich are getting richer; nor is it altogether true that the poor are getting poorer. But the crux of the problem is that the poor are *feeling* that they are getting poorer. There is a hidden danger that this feeling may be generated into a social force that could destroy the existing social fabric of society in many countries in Southeast Asia. It must be recognized by the powers that be, that the goal of economic development is a social one. Economic development is the MEANS; social development is the END.

It is now known that economic development does not automatically mean social progress. The developmental theory that economic development must precede social development is now being discarded for a unified theory that both the economic and social aspects of developmental objectives should be integrated as one single process executed within the framework of the social, economic and political value systems of the country concerned. There is no doubt that this conceptual theory is an improvement over the single purpose emphasis on economic development. But the weakness of such an approach is the possible confusion and departmental rivalry over priorities. Its success depends upon careful planning from the very beginning, including clear-cut allocation of resources and choice of priorities, and most important of all — the determination to implement the plans.

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[4] See **One World Only**, Report no. 5, **Social Aspects of Economic Planning in Asia**, published by Fredrich-Ebert Stiftung, Federal Republic of Germany.

[5] **Ibid.**, p. 8

As a clear-cut developmental strategy, it might be better to prescribe social development as a goal first and plan for economic development to achieve the social objectives. That is, put the ENDS first before the MEANS. Such a strategy has the advantage of decisiveness and a clear indication of direction and purpose. For instance, when China proclaimed itself as a People's Republic it dealt with the social injustices first. As a matter of fact, economic development was at a standstill when all means of production were nationalized and communalized. Social injustices were corrected first before economic advancement.

When the People's Action Party came to power in 1959 the treasury was practically empty. The first bold corrective, but at that time a very unpopular act to some of the population, was to reduce the variable allowances of the civil servants. By 1961 there was already a surplus of S$400,000,000 in the treasury. A portion of this was then used to build low-cost housing to meet an urgent public need. When the economy improved, the Jurong industrial complex was expanded to put the country on the road to further economic development. Better educational and health facilities and other social amenities were provided. This year, an extra month's salary was paid to all government employees. Private sectors are urged to provide its equivalent or do likewise. First then, is the bold socio-political act to be followed by an economic development scheme, to be followed again by distributing the fruits of economic development for social ends to benefit a still larger segment of the population.

It is not at all fruitful at this stage to argue about developmental strategy. Each nation has to define its own priorities to seek its own path in the context of its own political, social and economic structures and value systems. It is apparent, however, that social progress has not caught up with economic progress; economic development has not stimulated corresponding social responsibility in government and in the private sector of business and industry in practically all the countries in Southeast Asia.[6] There is the problem of social responsibility of the business community to the welfare of the general community with regard to honest advertising, quality of products, pollution to environment and unfair business practices which need strict control by government as well as careful scrutiny by civic bodies. Businessmen ought to be challenged to formulate a code of ethics of their own to govern their own conduct and practices just as the medical profession has done from the very beginning in medical education. It is hoped however, that by immediate pressure of the legal process, the long-term policy of education and persuasion and by the appeal to a man's conscience and more realistically, to his self-interest, that a deeper sense of social responsibility in government, in business and in the general population will be generated and sustained.

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[6] For details and analysis, see report prepared by ECAFF for the Meeting of the Expert Group on Social Development Bangkok, November-December 1970.

The first step then is for the government leaders to recognize that the end of economic development is a social one. Accordingly, legislation should be introduced to initiate programmes such as social security, health care, low-cost housing, and other social amenities that would benefit a larger segment of the population. Periodic reviews at the Cabinet level should be made to ascertain the progress of the schemes already in progress, assess their impact and modify them if necessary for greater effectiveness.

The second step is to mobilize and use every available medium of communication: the universities, schools, religious organizations, civic bodies and the like, to educate the general population in social responsibility and social consciousness. It is only through the vigilance and participation of the people that a sense of social responsibility of the whole nation could be sustained.

Thirdly, appeals should be made to tap the social conscience of those who have benefited most from the country's economic development schemes and policies. In this day and age, promises of rewards in heaven are not as appealing as they used to be, nor do threats of purgatory and hell have an effective results. Perhaps a double-barrel approach of appealing to a businessman's conscience and self-interest may strike a chord of response from quite a few more, while many others after them may wish to follow. It is with such a purpose in mind that the following story[7] is told to conclude this paper.

> About twenty-five centuries ago, there lived a man by the name of Fan Lih in the Kingdom of Yueh. While at war with the Kingdom of Wu, Yueh was defeated and humiliated. The King of Yueh slept on thorns and tasted the bitterness of gall to remind him of his humiliation and to nurse his will for revenge. Fan Lih helped the King of Yueh to administer the land and finally after more than twenty years defeated the Kingdom of

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[7] The story is taken from Ssu-ma Chien's **Shih Chi** or **Historical Memoirs**, written in the first century B.C.

Wu with a vengeance. Fan Lih was made a general but felt that he could not serve the King of Yueh whose revengeful behaviour was tolerable in times of crisis but intolerable in times of peace. So he moved to another country and started from scratch as a trader. In a short time he became a very wealthy and famous man. The people in the country wanted to make him the prime minister. He felt that such a high position and his wealth would make him a target of envy and jealousy. So he declined the offer and gave away a great portion of his wealth and moved to another place called Tao. He then gave himself a new name called Tao Chu, by which he is known till this day.

It was not long before Tao Chu became a very rich man again. In the meantime his second son committed a murder in a neighbouring kingdom. By law, he said to himself, his son should die. But the murderer was his own son. He therefore tried to save him as a father should. To this end, he instructed his third son to take a gift of gold to an old acquaintance, Chuang Sheng, who was the most highly respected man in that kingdom, hoping that through him, a pardon could be obtained for his son. When his eldest son heard that his youngest brother was being entrusted with this task, he became very indignant and threatened suicide. Tao Chu's wife was also unhappy, arguing that it was only proper that he despatched his eldest son for the mission. Besides, sending the third son would not save the first from committing suicide. Tao Chu finally gave in but most reluctantly.

The eldest son took the money and went in search of Chuang Sheng, and found that he lived in the most humble surroundings. He left the money as instructed by his father but had grave reservations about this man's ability to save his brother. Chuang Cheng said to himself, "Tao Chu is a rich but honourable man. I will try to save his son but will return the money." So he instructed his wife accordingly. Then he went to the King and said, "O King, according to my reading of the movement of the stars some catastrophe will befall your kingdom." The King was terrified and asked, "What is to be done?" to which Chuang Sheng replied, "Perform a virtuous act."

In the meantime the eldest son of Tai Chu was trying to influence other high officials to save his brother. Through them he heard about the King's intention of a general proclamation of pardon. He thought that his brother was going to be saved anyway, and so why throw away good money? So he went back to Chuang Sheng's house and got back the gold. Chuang Sheng understood the motivation for such an act. He then went back to the King and said, "O King, a rumour is about that bribery is being used and that you are going to give pardon especially to save Tao Chu's son." The King then said, "Execute Tao Chu's son first and then issue the pardon."

When the body of the second son was brought home, friends and neighbours bemoaned the loss. Toa Chu alone laughed. Asked why, he said that he already knew that by sending his eldest for the mission his second son's life could not be saved. 'The eldest son", he said, "grew up with me when the family was poor and had to work hard to build the family's fortune. Since money is hard to come by, he is also parsimonious. In a way he killed his own brother by his parsimonious act. The third son grew up when the family was already well-to-do. He is carefree about money matters. If he had gone, things might have been different."

The moral of the story is this. Tao Chu, reputed to be the richest man of his time, raised three sons. One became a miser, another became a murderer (probably Tao Chu was too busy to spend time with him) and the third became a spendthrift. Of what value was his wealth to him or to the family? Since his wealth came from the people, he gave it back to benefit the people. In doing so, he earned his place in history and in perpetuity not only as a financial genius who knew how to make money but also as an honourable man who knew how to act, and use money wisely. About four hundred years later another fairly well-to-do man, Su Kwang, when it was suggested that he make provisions for his children's future, said, "If the children are intelligent too much money will curtail their ambition. If the children are stupid too much money will invite mischief." So he too gave away a great portion of his wealth and earned a name in history.

There are probably other great souls like Tao Chu and Su Kwang in the history of many nations. In our time, John D. Rockefeller could be considered as one. He probably will not be remembered as the richest man in America or the world of his day but will certainly be remembered in connection with the good work the Rockefeller Foundation has been and is doing. Like Rockefeller, Mr. Lee Kong Chian will be remembered probably not as the richest man in Southeast Asia but for the good work the Lee Kong Chian Foundation is doing in humanitarian, cultural and educational pursuits.

THE REALITIES OF ECONOMIC DEVELOPMENT IN SOUTH VIETNAM

Pho Ba Long

The purpose of this paper is to present some reflections on governmental actions regarding economic development and private business reactions in South Vietnam during the last seventeen years since the founding of the Republic.

The writer will try to draw from his various experiences with local business and government in his successive functions as resident executive of an international firm, member of the National Economic Council, board member of the Central Bank and of the Industrial Development Centre, cabinet member in the government, general manager of a joint government and private manufacturing firm and finally as a university teacher of business administration.

The paper will purposely avoid rhetoric confrontation of economic and administrative theories which may or may not apply to the circumstances but which may bias our thinking. For, in the writer's opinion, business management, not to mention government management, especially when applied to the rapidly changing order of a developing country such as ours, appears to be far from satisfactory as a professional science. Perhaps it is better to approach our problems candidly, hoping to learn from trial and error than to try to solve them with imported theories. The case of South Vietnam seems to offer many examples of failure in the application of some modern western socio-politico-economic theories.

Much will be blamed on the war, or specifically on the communists. But as early as 1962, when the second Five-Year Plan was being debated and approved, it was found to be so piecemeal and unrealistic that even some of the originators of the Plan felt that the government was heading nowhere in its self-assigned mission of economic development. In the following year, the first Investment Law was enacted, but response from private business was disappointing. The rush was towards the lucrative effortless Commercial Import Programme, supported by the abundant source of foreign exchange made available by the proponents of USAID, whose determined policy it was to make of South Vietnam a showpiece of freedom and abundance.

Looking back now, over the years of opportunities and frustrations, with the advantage of hindsight I would like to speculate upon a few areas where the implications of government actions and business reactions are most obvious.

POLITICIZATION OF ISSUES

One obvious implication of our government's attempt at economic development during the first Republic (1955-63) was the tendency to draw up economic projects and programmes with an aim to serve a purely political purpose with the expectation that some by-products of economic development would result. Since the advent of the Second Republic in 1967, the same pattern has been repeated, with the difference that a reverse process has occurred, which is illustrated by the launching of sporadic economic programmes hurriedly carried out as the result of political pressures. In both cases, the real objective has not been economic development although official statements have claimed the contrary. This distorted identification of objectives has given rise to unexpected consequences. Private business, which in the beginning looked upon governmental economic actions with much hope, became suspicious and began to question the reasons for some measures. Futile debates and roundabout explanations took place. Recommendations from private professional bodies piled in, unheeded, and were mostly shelved. Government consultations with business advisory organizations were limited to minor issues and routine operations. A feeling of frustration pervaded at first, then the reaction became one of indifference.

Illustrations of this politicization of economic issues in South Vietnam, are the Atomic Energy Center, the Nong Son Coal Mine and the agrovilles which later became the Strategic Hamlets Project.

GIGANTISM

By gigantism in economic development, which is common to both government and business in Vietnam, I mean the tendency to embrace more than can be done and too much in one direction at the expense of others.

Economic development has always been looked upon as a holy mission by the intelligentsia who run the government and the new businesses, most of which are jointly or wholly owned by the government. Many were the prophets who were fascinated by the idea of economic miracles, especially when they were wielding power. Each change of government brought about a new programme, each New-Year Message a series of projects, of economic reforms and measures. Much was being said of things to come. Little or nothing was mentioned of past performances. Cornerstone ceremonies, plant inaugurations were publicized, but end-of-year reports and financial statements were kept confidential.

While economic development took up the attention of almost everyone, many institutions, and infrastructure essential to economic stability, not to say development, were not paid the same kind of attention. In this area I would like to mention a few symptoms of Vietnamese gigantism:

(i) A very progressive petroleum law was promulgated last year, followed by a new Investment Law this year. Yet the basic texts of laws regulating private business in Vietnam are still enforced by the French Commercial Code of July 1867, much of which is obviously obsolete.

(ii) Our commercial banking system has expanded 300 per cent in the last ten years, but book-keeping and basic accounting are not being taught in any regular public and private secondary schools.

(iii) The Saigon metropolitan area now has nearly three million people who can easily travel to any upcountry town by Air Vietnam's daily flights. Yet there is no public transport system within the city.

SOCIAL AND INDIVIDUAL FACTORS

These factors are perhaps the most important, though they are by no means easy to identify; but any steps in the process of economic development taken by either the government or the private sector must take these factors into consideration.

In spite of relative freedom of action, of excellent technical advice, of abundant financial resources and especially of apparently competent and dedicated leadership, some essential factors, some intangible elements seem to be still wanting to bring about expected results.

Again many would point to war as the reason for this, but the example of Israel at war and in steady development offers an eloquent rebuttal. Others would blame communist subversion but South Korea's prosperity and stability seem to be convincing. USAID is also the scapegoat, but Taiwan does not appear to have suffered from it, at least not economically.

Maybe all of these, maybe none, are obstacles to our economic development. What is more baffling is the fact that even North Vietnam, with war, aid and communism in its veins, appears to be making some progress towards economic development. And it cannot be said that there are two different races of Vietnamese peoples!

Allowing that there is some truth in that all these external elements have contributed to make our economic development turn in a vicious circle, we can then only speculate on two problems that are more easily discerned: one seems to lie in the general system and may be viewed as a lack of social order; the other can be said to dwell deep in the individual and considered as a behavioural maladjustment.

Lack of Social Order

When I say that our economic development is being retarded owing to a lack of social order, it must not be thought that there is general chaos. On the contrary, we have an imposing army of more than a million men, an efficient police apparatus, fairly good air transportation and postal service, and what is very true, relative security in some areas. In many Catholic parishes and the villages of the Hoa Hao religious sect, social harmony is visible. Yet it is obvious that there is a serious lack of social order illustrated by the abuse of power, the unjust distribution of income, the inefficient law and order enforcement resulting in tax evasion, capital flights, disinvestment, none of which is conducive to economic development.

In this area, much can be said of the negative reaction on the part of private business. Besides the passive attitude of wait-and-see arising from the government's politicization of economic issues, and the over-expectation which business inherits from the government's paternalistic and gigantism behaviour, it is obvious that business has profited from the war-and-aid situation as never known before. Commercial banks, the import trade and the tourist and entertainment industries as well as international transport have gathered untold fortunes. Yet rising costs of living, housing scarcity, inadequate school and hospital facilities, not to mention refugee camps and prison facilities, are still the order of the day.

A small number of far-sighted businessmen have tried to channel their trade and service profits into manufacturing ventures. But the new factories built in the Bien Hoa Industrial Centre are still inactive or operating below capacity.

Behavioural Maladjustment

No matter from what specific aspect or general theory one may like to start the analysis of the many entangled problems of economic development in South Vietnam over the last seventeen years, and after going through all the historical and geo-political speculations, it seems inevitable that one comes to one more or less common question: is the individual Vietnamese adequately prepared for economic development? Or to put it the other way round: are the measures and pattern of economic development we are now pursuing beneficial to the nation as a whole?

We shall not here raise the issue as to what kind of economic development or what methods should be used to implement government policies on development. We shall simply consider the actions and reactions of a typical government official and those of a typical businessman involved in this area.

Let us first consider what happens to the government official involved in economic development. Usually he is a young man who has returned recently from abroad where he has spent many years in well-known academic institutions. Of course his head is full of the most up-to-date economic theories and his heart inspired with dedication and initiative. Most of the time he is offered a staff position of considerable importance. In his position he will be analyzing field reports, preparing speeches, drafting *communiques* and regulations. He may be involved in planning and formulating policies. This staff position and the concomitant responsibility in a large government apparatus do not however expose him to the need for seeking the participation of others, especially those who would be affected by his planning and policies. Neither is he required to see to it that his recommendations are implemented nor is he responsible for the results, be they bad or good. He will soon realize that he is but an anonymous part of a giant machinery and he must adjust his thinking and action and accept to play his part.

Now what happens to a young businessman who, like his counterpart in government, may be offered an opportunity to head an important department of a local business concern? He may be full of ethical motives and wish to cooperate with other businessmen and the government in the formulation and implementation of economic development policies. But he will soon find out that many government officials are secretive and suspicious, that government regulations are more or less strangulating, that the heavy taxes he pays are not for economic development, but for some far-fetched political purpose. Turning to his business colleagues he will be much more disappointed. Cooperation is unknown, professional standards are treated as a farce. Unfair competition, collusion, corruption are considered normal business risks and practices. In the face of such realities he has a number of general courses to choose from, imposed by a rising evasion of social responsibility: to remain in business and accept the rules of the game; to join the government and hope for a political position; to withdraw into his ethical shell and become a college professor; or to leave the country and contribute to the brain drain.

CONCLUSION

It would be irresponsible to prescribe any form of treatment to a patient whose diagnosis is not known and whose condition is changing. It would be all the more foolish to ask the patient himself to write a prescription for his ills when he is suffering not only from an undetected sickness, but also from too much medicine administered by practitioners who pretend to have a cure-all but so far have not been able to make the patient any better. However, learning from the trial-and-error treatments to which he has been subjected, the patient may, after all, be able to make some suggestions for the relief of his ills. Now, in spite of the negative aspects which do not seem to be inevitable or insuperable, there exists in Vietnam basic elements for the sound structure required for economic development.

Food and fibre, water and energy, roads and canals, manpower and capital local and international markets all are available, some in abundance, though few are fully exploited.

Moreover "thanks" to the war, we now have the infrastructure for a most modern system of sea, land and air transportation including sea ports, air fields, auto routes and bridges. However, war surplus equipments and materials such as trucks and bulldozers, cranes and godowns, structural steel and prefab houses are being left idle, while IBM machines, hard tools, and household appliances are being sold by peddlers along roadsides.

But above all we have now available skilled mechanics, electricians and welders, sea and air pilots, female lift-truck drivers and experienced managers trained by years of service in the army, navy and air force. All the potential for economic development seem to be there, the question is how to fit together the pieces into a working whole. After much observation and reflection resulting more from failure than success, I am inclined to fall back on some of the old formulae and believe that a three-front approach to the problem may be simultaneously tried out.

First I would suggest *government democratization*. This does not mean just a democratic government with all its trappings such as elections, upper and lower houses, supreme court and inspectorates, prime minister and president. As we all know, many countries now calling themselves the democratic republics of so and so, are far from being democratic. I think economic development should only be considered if and when the government has been democratized, which to me should include regional political autonomy, decentralization of power to the province and village, where people should be able to affect, and know they are affected by, government actions, especially by economic measures. Along this line a friend of mine suggests that a fourth constitutional body should be set up, of elected business representative of all sectors who should draft and vote economic laws and supervise their implementation. I think the broader the basis for decisions, the more realistic and feasible they would be. This process would eliminate the tendency towards politicization, paternalism and gigantism mentioned earlier. Moreover it would minimize the disruptive effects of frequent political change.

Second, I would mention *social stabilization*. Besides the enforcement of law and order which is its natural and prime responsibility, and before launching into any form of economic development, the government should facilitate and encourage the formation of social institutions and organizations as well as the establishment of private business enterprises. These constitute the social fabric that should fill the void between the powerful and encompassing government apparatus above, and the unorganized mass below. It is hoped that the dynamics of this social fabric would promote social mobility and bring about a balanced social structure which would in turn ensure the desired social order which is at the base of any economic development.

Third is what I propose to call *technological reorientation*. Much of the disorder in the world today seem to spring from the accelerated advance of technology at the expense of social and moral values. I would venture to propose a differentiation of modern technology into physical, intellectual and spiritual technology.

It is obvious that we have applied *physical technology* blindly to our situation. We should make a soul-searching reorientation and have the courage to liquidate the Atomic Centre and to convert such costly installations as the Nong Son project into some modest but more appropriate industrial units. Many are the examples of technological extravagance which ought to be revised. An example is the paying of high royalties for technological assistance in the conditioning and distribution of pharmaceuticals. In the meantime valuable exportable commodities like artichoke, strawberries, shrimps and fish are sometimes left rotting for lack of refrigeration and transport facilities.

To illustrate what I refer to as *intellectual technology*, I would mention our irrational and disparate educational system, which is in need of reorientation and reform. Every year we are turning out more law and arts graduates than is needed. We are building more hospitals, more industrial plants, more banks than we can train doctors, engineers and accountants. We now realize that even good doctors, engineers and accountants would not qualify to run their respective institutions. So we turn to the Dalat School of Government and Business and to the National Institute of Administration for business managers and public administrators. But we soon find out that while they are fairly sound operators in the field of finance and marketing or of production and personnel they are obviously inadequate in their technique of managing people. For the people are no longer passive subordinates performing relatively simple tasks as they used to. They are more sensitive and demanding and much harder to manage when they are working on more sophisticated assignments. Our management technology must therefore be reoriented to respond to this new need, to discover and manage modern man in his relationship with himself, with his fellowmen and with his changing environment.

Lastly, in my discussions with business and government leaders, I found that many are now aware that we have been more or less too proud of our old system of values and too critical of others' to accept the hard fact that our standards ought to be revised, our beliefs reoriented in a changing environment. Only now when we are confronted with student revolts, worker strikes and religious turmoil, that we begin to realize that most of our social, political and religious institutions are no longer adequate. After all they have been established in the last century and have been inherited or imported wholesale from abroad. No wonder we have lost our identity as a nation and the more we try to initiate others the more we fail; and failing, we now turn upon ourselves!

Perhaps it is time for us to step back and look for a new way which would enable us to continue our historical heritage, to renew and enrich our traditional culture to develop our geophysical environment and to respond to our national aspirations. Only when these conditions are met shall we, in my humble opinion, attain meaningful and equitable national development.

DISCUSSION

Chairman:
Samonte In this morning's session we have found that government administrators and business managers have a lot to learn from each other in terms of knowledge, skills and techniques of management.

This afternoon, we will look into the changing roles of government and business in the promotion of national economic and social development. In this session, we would like to find out the implications of such changing roles in both the public and private sectors, and also what particular proposals and measures are there to bring about more collaboration between government administrators and business managers.

Ongpin I think it is difficult to synthesize the various papers presented because each of the countries has a different set of elements which influence the relationship between government and business — the traditions are different, the objectives are different and the resources available to countries are different. For this reason it is not possible to generalize.

I would like to make a few comments about what is often perceived to be a dichotomy between government and business which has manifested itself in different ways. In the Southeast Asian region one might observe various extremes as far as activity or aggressiveness or dynamism is concerned. On the one hand we may point to Singapore where the public sector is sometimes said to be more business-like than business itself, and this is something that we in the Philippines admire very much. Also in Malaysia, there is active government participation in the private sector through some large and far-reaching enterprises such as PERNAS. In the Philippines, we have a different set of attitudes and the long-range objective is for the government to bow out of the business scene and not to compete with the private sector. As a matter of fact, in the Philippines, we have a rather unusual situation where capital formation in the public sector constitutes less than 10 per cent.

of domestic capital formation while 90 per cent. is found in the private sector.

In trying to analyze this dichotomy between business and government, it is important to distinguish the types of political institutions that prevail in a country. I think that a strong government as we find in Singapore works very well in creating a set of enterprises owned and managed by the government. On the other hand, in a country like the Philippines this does not work. It often results in economic waste for government to try to engage in business activities. This is a matter of political preference on the part of a country. In the Philippines, I personally do not subscribe to the idea of the government engaging in private business because of the political system that we have. We value our political system but it comes to us at a cost because of its unfavourable effects on our national economic development. The Philippines is under-developed economically but politically it is over-developed. To demonstrate how active the private sector in the Philippine is, let me just cite a few examples. The Monetary Board of our Central Bank, for instance, has private sector presentation. This is a board which makes monetary policy decisions for the government. Our National Development Council which is the highest decision-making and policy-setting body also has private sector presentation. Some years ago when the government was re-writing its Administrative Code, the then Executive Secretary referred the Code to the Management Association of the Philippines for its suggestion as to how the Code could be more relevant and could lead to more efficient government administration. Recently, when the Philippines Government formed a Reorganization Committee which has intended to achieve economies in the whole executive branch of government, a nine-man commission was created of which three were from the private sector. The foregoing types of private sector participation in some of the very vital projects of the government may be quite unthinkable as far as other countries are concerned. I am citing these merely to illustrate how the traditional and political setting of a country can affect the overall relationship between business and government. One must have this traditional and political setting of a country in mind before one comes to the conclusion as to what is best for that country in terms of government and business interaction.

In conclusion, I would just like to say that the objective is for both business and government to have a better recognition of their mutual interest. The flow of technological or managerial expertise is not necessarily from the private to the public sector. It depends on the particular country concerned and on its social and political background. In a country like the Philippines, one might say that there is a flow from the private to the public sector, but in other countries the public sector leads the way. What is important is a cross-fertilization, a continuous dialogue between the private and public sectors. I feel the term "ecology" is an appropriate term to describe this because it denotes a kind of balance between the public and private sectors.

Sriprinya There is quite a considerable resemblance in all the seven papers presented. First, they all agree that the governments of developing countries have the responsibility to promote social and economic development. Second, in all these countries the social and political environments present serious problems which will retard the pace of development. Third, development requires positive cooperation between the public and private sectors. Fourth, such cooperation hardly exists in most of the countries due to the attitude of public administrators towards their counterparts in the private sector and *vice versa;* in short, there is mutual distrust.

It is interesting to find from these papers, however, the differences in the countries' approach to tackle these problems. The differences are often in terms of degree rather than of kind. The Khmer Republic, Laos, and Vietnam seem to stress the need for a change in the attitude of government officials as a pre-requisite for development. Indonesia, Malaysia, the Philippines, Singapore and Thailand emphasize cooperation between the private and the public sectors. This difference is quite understandable. In the Khmer Republic and Laos, there exists no strong business sectors. By "strong", I mean an overall magnitude of contribution to the GNP, the size of business corporations and the level of training and education of those in managerial positions in the private sector. In Vietnam, the situation does not permit a long-term outlook in business activities. Most business firms look for big profits in a short time and thus an unhealthy situation has resulted in that country. Governments, therefore, have to take the lead in both sectors and thus a change in the attitude of government officials becomes the first priority.

Indonesia, Malaysia, the Philippines, Singapore and Thailand have much stronger business sectors. Cooperation between the private and the public sectors seems to be a logical emphasis. Here, however, different types of cooperation are suggested by the speakers. In Indonesia and Malaysia there seems to be a strong participation of the private sector in the operational activities, whereas in the Philippines, there seems to be more cooperation in economic planning.

In my opinion, we can conceptualize a division of labour between the public and private sectors. The government has to take into consideration national aspirations — economic, social and political — and translate these into policies and strategies at the national level. Business firms, on the other hand, have to interpret their customers' demand (both actual and potential) in order to form their own policies and strategies of operations. The extent of participation of government in business activities and the participation of businessmen in national planning depends very much on the social conditions of a country in general as well as on the distribution of managerial skills in the public and private sectors. Where there exists a large number of qualified, well-trained administrators in the business sector, bringing these people into the national planning process seems appropriate. However, where the qualified administrators are concentrated in the public sector, the government has then to take the lead even by engaging in business activities. There is no proper prescribed mix for government participation in business or *vice versa*. The mix will have to depend on the conditions prevailing in each country. Perhaps through a trial-and-error approach we could arrive at a right mix. I should add that in every trial we should look for errors and be ready to take corrective actions. Otherwise, we will only have trials and never gain from our experiences.

Hahn Let me add a few comments to our discussion on the changing picture of government-private sector interaction and its implications on management development. My first point is concerned with the so-called "contemptuous" attitude of government officials towards business managers which has been repeatedly pointed out by representatives from the Khmer Republic, Laos and Vietnam. In this context the Korean experience during the past two decades may provide some insights to this situation. Since the 1950's, there has been a phenomenal improvement in the interaction between the government and business. Prior to 1950, the contact point between government officials and businessmen was at a very low level of the governmental hierarchy. Since then, the contact point has been slowly shifted upwards along the governmental hierarchy so that today prominent businessmen can have access freely to the top policy-makers of the government which two decades ago was practically impossible to do. This is due largely to the increased power position of the business sector. During 1960-1 the number of new corporations created in Korea was in the region of one thousand and in 1970 this number was doubled. This increased prominence of the private sector has also influenced the pattern of higher education because now more undergraduates wish to study in business schools.

My second point is that managing a development programme, whether it be in the public or private sector, requires the manager of that programme to deal with a complex system comprising of multiple institutions in both the public and private sectors. This point has been borne out by Mr. Sarmiento in his illustration of the "Rice and Corn Production Coordinating Council" in the Philippines. This implies the need for a person who could deal with such a complex system rather than simply an ordinary public or private business manager.

Lastly, I would like to toss out a suggestion for the creation of a "National Development Executive Roster" which will identify competent managers in both the public and private sectors.

Yip I wish to direct my question to Dr. Doh. I read with great interest his paper on "National Development and Management Responsibility with Special Reference to Malaysia". I agree with most of the things he said not only in terms of Malaysia but also in terms of most of the countries in Southeast Asia, especially with regard to the societal responsibility of the private sector in national development. However, I would like to extend the discussion a bit further by inquiring the sort of institutional structure or mechanism that would be needed in order to bring about more complementary and collaborative efforts between the private and public sectors in the process of national development. In other words, by what means can we induce the private sector to think less in terms of the profit motive and more in terms of national development in their operations? This question of societal responsibility of the private sector in national development was also touched on by Dr. Laya. Related to this question is the one which pertions to business establishments which are foreign-owned and foreign-control which is a common feature in many of the countries in this region. Can we expect these establishments to share the responsibility of national development in the countries of Southeast Asia?

Panglaykim I am a little worried when Dr. Doh mentioned the *Second Five-Year Plan* of Malaysia without elaborating a bit further. As I understand, the *Second Five-Year Plan* of Malaysia is intended to eradicate the economic imbalance among the races which has existed for decades. Theoretically, as I understand, the expansion of the cake for the Malays would not be at the expense of the other races. What the government is planning to do in Malaysia seems to be similar to what was done in Indonesia during 1950-5 when we subsidized a group which later developed into a political pressure group. Creating a political pressure group is the most dangerous thing for any country. So, my question is: are you not going the way which Indonesia took during 1950-5? Is it right in creating an organization like PERNAS which theoretically is not at the expense of other races but in fact is at their expense? With such an organization, instead of eradicating economic imbalance you might in fact be creating more economic imbalance.

Doh I will try to answer Dr. Panglaykim. I must make it clear that I have not said whether it was right or it was wrong for PERNAS to be created. What I did was merely to point out the danger that if the private sector does not in some way respond to the aspirations of the government then, there is a danger that government would increasingly use various means to take over the activities of the private sector.

As to the question raised by Dr. Yip, I remember that at a seminar in the University of Hawaii last year, the President of that university raised the possibility of having a centre in which scholars, practitioners from the private and business sectors, civil servants, political executives and so on could get together to discuss and learn from the experiences of one another. This seems to be a good suggestion for consideration.

Laya Dr. Yip asked me to make further comments on the social responsibility of the private sector and let me give a few examples of how this is done in the Philippines, a country I know more about. I would like to answer this question from the standpoint of the assistance which the private sector gives to the government and the various social projects which the private sector undertakes on its own.

With respect to assistance to the government, the private sector in the Philippines has shown substantial initiative not only in the area of policy-making but also in actively assisting in specific projects. With respect to policy-making, Mr. Ongpin has mentioned the contribution of the private sector on the Monetary Board of the Central Bank as well as in the National Economic Council. This is also true with respect to the National Science Development Board. In addition to these the private sector has taken upon itself to form a Council for Economic Development, composed of executives from various companies in the Philippines, people from the educational institutions as well as public administrators.

The major function of this Council is to identify areas of development which concern the private sector and to advise the government policy-makers in various matters relating to these areas. The private sector in the Philippines also shows responsibility by sometimes accepting assignments from the government in terms of task forces created by the government to achieve certain purposes, for instance, the Reorganization Committee. Another is the Presidential Commission to survey Philippine Education which was assisted actively by the private sector.

The second category, which is more in the nature of social responsibility, is borne out by the fact that sometimes the private sector has more resources available than the government for doing this. The most comprehensive effort along this line is the so-called Philippine Business for Social Progress which is a private organization and, if I remember correctly, over a hundred companies volunteered to contribute 1 per cent. of their profits to this foundation in order to enable this foundation to be the social action arm of the participating companies. This foundation is now in its second year of operation. Some individual companies have been doing things on their own. The San Miguel Corporation has voluntarily undertaken anti-pollution campaigns and as far as their breweries are concerned, they have installed expensive equipment to purify their wastes before these are released into the sea. As another example, Sycip, Gorres, Velayo & Co. has announced that it stands ready to support, by means of managerial assistance in one form or another, various social and economic development projects. These are some of the possible social actions which could be followed by companies in other countries.

Kanapathy I would like to make a suggestion to bring about better rapport between business and government. One of the complaints of the civil servant is this: he finds it difficult to pinpoint one source in the private sector to which he could discuss major policy issues, such as when the government contemplates raising corporate taxes. Probably it might be useful for the private sector to form a Confederation of Industries which will serve as a link with the government. This Confederation could probably create an industrial policy group served by a well-equipped secretariat. This group could conduct research on its own and the data it collects would be useful to the economic planner in the government. This Confederation could also see to it that its members are maintaining a certain code of conduct or management ethics and if any of the members falls out of line, the Confederation could recommend to the government to terminate their licences. In this sense healthy rapport could be created between business and government.

Dr. Yip queried as to whether multi-national corporations sympathize with the development aspirations of the countries in this region. These corporations are here and there is little that we can do. Perhaps what is needed is for us to start Asean multi-national corporations to replace foreign multi-national corporations. We could take those industries that enjoy economies of scales, such as the petrol-chemical industry, shipping, banking, and so on. One could also think of an Asean Investment Bank. We should perhaps try to interest the businessmen in this region to think not only from a national viewpoint but also from a regional viewpoint in their operations.

Panglaykim Let me comment on Dr. Kanapathy's point regarding regional cooperation in business enterprises. Most of the investors in the countries of the region such as Singapore and Hong Kong are combining with large foreign multi-national corporations rather than among themselves. For instance, Singapore investors are combining with Japanese or US investors rather than with Indonesian investors. Even with those corporations operating in Indonesia, Indonesian investors are not invited to participate. I feel the national governments in this region ought to do something about this.

Kanapathy I think that one way of overcoming the problem described by Dr. Panglaykim is for the various associations at the national level to form themselves into an Asean association. If we have an Asean Bankers' Association or an Asean Manufacturers' Association then, these associations could take up issues like the one described by Dr. Panglaykim with the various governments in the region. I feel that the first pre-requisite is to form such Asean associations so that we could speak with one voice to the various Asean governments whenever major policies are being debated and discussed.

Yuthasar I would like to touch on the role of the private sector in economic planning. In the *Second Five-Year Plan* of Thailand, the private sector was invited for the first time to participate in the planning process but I must confess that the contribution of the private sector was rather disappointing. Maybe the private sector in Thailand was not ready to make such a contribution to the national development process. We in the Thailand Management Association were also invited to sit on various committees set up by the National Economic Development Board to help in the formulation of the *Second Five-Year Plan*. We encountered quite a few problems. For example, planning is a very time-consuming process. A working committee is usually unable to complete its task in just a couple of months; it usually drags on for six months or even a year. As a result, the private sector representatives were unable to find time to participate fully in the various committees.

My second point is related to what Dr. Kanapathy has said. Unless there are business organizations like the Association of Manufacturers or the Association of Bankers which could collect information for a government planning agency, it will be extremely difficult for the government to obtain the necessary data for planning purposes.

Sarmiento I would just like to add two points to the role of business in development. First, the government usually goes into areas of business activities where the private sector is hesitant to enter either because the returns to investments are not attractive or because the private sector cannot come up with the necessary capital to build up the infrastructure. Second, I am concerned with those business enterprises which exploit the environment and operate in areas that can have serious social and physical implications for the country. I refer in particular to the exploitation of forests for commercial purposes. In the Philippines, the exploitation of forest resources are being encouraged by the government because of foreign exchange and employment reasons. However, there are social problems as well as conservation problems involved.

Chairman:
Samonte

The observations and questions raised in this session lead us to realize that the problem of the ecology of government and business is such a wide and complex area that it requires more in-depth analysis.

I am sure that the matters we have discussed this afternoon will be related to the subsequent topics for discussion. Perhaps we should adopt a systems approach to this study because government and business are two of the many sectors of a national community. It would be wrong to think of a single motivation for all these various sectors. There is general agreement that it is very desirable for more cooperation and collaboration between government and business in the national interest. However, in the political, social and economic context of each country, we have to consider the right sort of balance for the roles of government and business. In some countries there might be need for a reduction of government intervention while in other countries there might be need for more of such intervention. Much depends on the particular situation of a country.

One of the points that we did not fully discuss is the role of business in the power structure of the community. I think it is not merely a matter of business giving technical assistance to the government or cooperating more closely with the government. In many of the developing countries in this region, the greater problem is really the extent to which business influences the high policy centres. As a group, businessmen perform useful functions. But we have to see to it that their influence does not jeopardize national economic and social progress.

PART III

THE DESIRABLE ATTRIBUTES OF A MANAGER/ DEVELOPMENT ADMINISTRATOR

THE DESIRABLE ATTRIBUTES OF A MANAGER/ DEVELOPMENT ADMINISTRATOR *

Pan Sothi

This paper is concerned with the functions of a manager; the positions he may be called upon to fill; and the relevance of professional qualifications to the manager in his managerial capacity.

I FUNCTIONS

In public administration, the manager may serve on any of the following bodies; and with the following respective functions:

(i) General directorate, for supervising the application of general policy, implementation of plans and control.

(ii) Directorate of studies and documentation, for the planning of general policy and legislation, studies, documentation and information.

(iii) General inspectorate, for project control, and evaluation of achievements of different departments of the ministries.

(iv) The higher-echelon circles of the ministry, for general management of the ministry (personnel, budget, materials, etc.).

Similarly, a manager may be appointed within the industrial sector, and he may then expect to be called upon to exercise his managerial skills in any of the following areas:

(i) Production.

(ii) Marketing.

(iii) Studies, documentation, and information.

(iv) General management (personnel, social welfare activity, public relations, accounting, finance).

II POSITIONS

Following are the positions a manager may fill. They are arranged in a decreasing order of importance for each directorate:

(i) In public administration:

(a) Director-general or Chief of Cabinet or Inspector-general.

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* Translated from French

(b) Directors.

(c) Chiefs of departments and sections.

(ii) In enterprises:

(a) Chairman or President.

(b) Director-general.

(c) Director (of production, commercial affairs, administrative affairs, accounting).

III REQUIRED PROFESSIONAL QUALIFICATIONS

A manager in the public sector will find it necessary to possess some knowledge of techniques in the following areas:

- Management (personnel, budget, materials, etc.)
- Statistics
- Documentation and information
- Planning
- Legislation and adequate enforcement measures
- Promotion and orientation of investments
- Evaluation of economic values of enterprises and their profitability
- Support to enterprises (aid, allocation of foreign exchanges, raw materials)
- Standards and quality control
- Control (weight and measures, legislation implementation, industrial development, finance)
- Office organization and procedures
- Permanent and pre-recruitment (sandwich) training courses
- Personnel needs and recruitment
- Industrial engineering
- Applied research.

A manager in enterprises will also need to know techniques, especially in:

- Management at high level
- Marketing
- Accounting (general, analytic, and cost)
- Scientific organization of work
- Office organization and procedures
- Administrative management (personnel, training, social welfare activity)
- Financial management.

IV CONCEPT OF BASIC TRAINING

One must distinguish between three categories of knowledge:

(i) The so-called academic type of knowledge;

(ii) Specific knowledge necessary and adequate to each profession (statistician, planner, administrative manager, etc.); and

(iii) Practical knowledge for carrying out specified tasks.

Although it is difficult to say how much of which type of knowledge is necessary, I have attempted to estimate the percentage "knowledge mak-up" required of different types of managers.

	General Knowledge	Specific Knowledge	Practical Knowledge
For a Director- general in a ministry/Head of enterprises	85%	10%	5%
For a Director in a ministry/Director-general of enterprises	60%	25%	15%
For a chief of department in a ministry/Director of enterprises	30%	40%	30%

V CREATION OF OUT-OF-SCHOOL TRAINING SYSTEM

There are two training systems:

- — Pre-recruitment training system to prepare persons destined for some specific functions;
- — Permanent training systems (for imparting knowledge in normal operations, up-dating modern knowledge and information in general).

Each system comprises three levels (level for Director-general, level for Director, and level for Chief of departments).

At each level, courses corresponding to subjects enumerated in Section III above are given, and participants will choose, from an established list, subjects according to the nature of professional qualifications required for their position.

Some courses include working together on projects in class, daily practical work, and if required, more work on supervised projects.

Personnel at lower levels could use on-the-spot training with the assistance of local or foreign technicians. The best candidates might be given a chance to go abroad for further apprenticeship or additional training given at seminars. Personnel at higher levels could be trained abroad with a view to fully profiting from the most up-to-date technical knowledge. Such personnel would profit not only from the theoretical knowledge gained, but also from practical experience, which could be earned through a period of attachment to foreign enterprises or institutions in which problems of administration and management are scientifically analyzed and solved.

ATTRIBUTES OF A DEVELOPMENT ADMINISTRATOR: PUBLIC ENTERPRISE MANAGER IN FOCUS

Abelardo G. Samonte

GOVERNMENT IN A CHANGING SOCIETY

In the developing countries, the government is expected to play a vital role in the tremendous task of accelerating social and economic development. It must pioneer in industrial, commercial and other business activities which, in more economically-advanced societies, are left to private enterprise. Because the price mechanism functions less adequately, there must be greater governmental intervention in the economy. It must, above all, provide leadership in changing social values, alleviating economic poverty and fostering viable political institutions.

The government in a changing society, therefore, must do much more than its counterpart in a stable, industrialized nation. Yet government of less developed states are less capable of assuming the wide and varied functions expected of them. Public administration in these countries tend to be more corrupt and less efficient. As Arthur Lewis observed: "Poor countries need more and better government activity than rich ones, but are apt to get less and worse." This is the paradox of development.

It is imperative that governments of emerging states attain a much greater capacity to meet the urgent demands of national development. But the attainment of more economy and efficiency in governmental machinery that merely performs the traditional role of maintaining law order. Public administration in transitional societies must be geared to achieving action toward development goals. This new orientation is symbolized by the term: development administration.

DEVELOPMENT ADMINISTRATOR: AN IDEAL TYPE?

Concomitant with this is a growing clamour for development administrators in government. But any efforts to fill this need should be preceded by an inquiry into managerial requirements or specifications. Is it possible to identify traits or attributes of a development administrator? Can we — in a manner similar to Max Weber's treatment of modern bureaucracy — conceptualize or describe the development administrator as a ideal type?

It is to be noted that the desirable attributes of such an administrator have been the subject of discussion in many seminars and workshops.[1]

These discussions have contributed significantly to the growing literature on development administration. Thinking of a development administrator with attributes that fit any type or level of organization in any country may, however, lead to a discussion of generalized traits that neglects the differentiation of managerial requirements as a result of variations in culture, environment; or situation. In other words, it is possible — at a certain level of generalization — to identify attributes common to all administrators, whether in developed or developing societies, in government or business organizations, in top or middle management. Administration in developing countries, however may call for certain requirements which differ in kind or degree from those of administration in developed societies; desirable managerial styles may likewise vary according to types or levels of organization.

It is with these considerations in mind that this paper discusses some desirable attributes of a development administrator, with particular reference to the general manager of a Philippine government corporation.

PUBLIC ENTERPRISE IN THE PHILIPPINES

A short note on Philippine public enterprise may thus be in order. In the Philippines, many people are against the government engaging in business. Government corporations have often been described as "convenient political tools" which are overstaffed, inefficient, and graft-ridden. But, in spite of such strong criticisms, public enterprises have been established and increasingly utilized, before the Pacific War to cope with the efforts at nation-building, and in the post-war years, to help solve difficult problems of national rehabilitation and socio-economic development. Thus, notwithstanding a long-established policy for the government to get out and keep out of business, the number of Philippine government corporations has actually increased from thirteen corporate entities in 1951 to nearly fifty enterprises at present. Within that same span of time, estimates are that the combined assets of these

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See, e.g., Lee Hahn-Been, "Desirable Attributes of Development Administrators"; paper presented to the EROPA/DAG Seminar on Curriculum for Development Administrators, held in Pataya, Thailand, 19-23 November 1971; Hans C. Blaise, "Developing Management Competence", **Management Education in Southeast Asia,** Singapore, RIHED, 1972, pp. 23-43; Saul M. Katz, "A Model for Educating Development Administrators". **Public Administration Review,** Vol. 28, No. 6 (1968), pp. 530-8 corporations have increased ten-fold. Public enterprises account for about four-fifths of the current expenditures of the entire government.[2]

The importance of public enterprise in the politico-economic system of the Philippines demands a more efficient and effective management of government corporations. In this regard, the quality of the general managers of these corporations is crucial. As the Reorganization Committee of 1950 stated: "The success of government corporations depends to a very marked degree on the ability, efficiency, character, and integrity of General Managers."[3] It is interesting to note that only a few government corporations have charters which state qualification requirements for general managers. For instance, the Charter of the Social Security System prescribes that the Administrator "shall be a person who has had previous experience in technical and administrative fields related to the purposes of this [Social Security] Act."[4] A charter provision of the Mindanao Development Authority, which is practically repeated in the enabling statutes of four other regional development authorities, provides that no person shall be appointed General Manager unless he has demonstrated executive competence and has had experience in the field of public administration or the management of agricultural, industrial or commercial enterprise.[5] A unique requirement of Board members, including the general manager, appeared in the charter of the defunct National Rice and Corn Administration, namely: to profess "a belief in the wisdom and feasibility of this Act."[6]

The above sampling of corporate charter provisions regarding qualifications of the General Manager indicates generalized attributes such as "demonstrated competence" and "previous experience" in administration or in technical fields related to the substantive activity of the corporation. But these are general attributes that could be prescribed in a similar manner to administrators or managers of other types of organization, whether governmental or private.

The requirement that the manager professess belief in the wisdom and feasibility of the law on the price stabilization of staple crops (rice and corn) is significant in that it implies a sense of commitment to certain social or economic goals.

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[2] Abelardo G. Samonte, "The Role of Public Enterprise in Philippine National Development", **International Review of Administrative Sciences**, Vol. 33 No. 1 (1967), pp. 139-44.

[3] **Report of the Committee on Reorganization of Government-owned or Controlled Corporations**, Manila, 1950, p. 27.

[4] Republic Act (RA) 1161, sec. 3(b) as amended.

[5] RA 3034, sec. 27.

[6] RA 663, 16 June 1951. It is interesting to note that this particular requirement was earlier incorporated in the Act establishing the Tennessee Valley Authority in the United States (Herman Pritchett, **The Tennessee Valley Authority**, Chapel Hill, 1943, p. 148.)

SYNDROME OF EFFECTIVENESS FACTORS

This still leaves us with a need to elaborate further on more specific attributes that make for an effective development administrator. We shall attempt to discuss some of these attributes in relation to certain conditions and problems of Philippine pubiic enterprise. These desirable attributes — which may be in the form of knowledge, attitudes, and abilities or skills — could well be conceptualized as part of the syndrome of factors that makes an administrator operate effectively in a particular organizational setting. For purposes of analysis, we shall separately discuss sets of attributes which are closely related to specific problem areas. In reality, however, the sets of attributes, as well as the problem areas, are interrelated. Indeed, all these attributes may be considered as manifestations of the development administrator as a "whole man".

THE DEVELOPMENT ADMINISTRATOR IN A TRANSITIONAL SOCIETY

It has been said that administration is culture-bound. Distinctions have thus been made between administrative systems in developing and developed countries.

Aside from being conversant with the dynamics of social change and development in general, the development administrator in a developing country should be familiar with the characteristics of his transitional society, especially those that condition or influence the management of his particular organization or undertaking.

Sensitivity to social values

The development administrator should be sensitive to prevailing social values. He should recognize the strong influence of personalism and particularistic orientation in administrative as well as external relationships. Such social sensitivity does not arrest his modernizing drives, but assists him in adopting practical ways of achieving action toward desired changes and development goals. For example, one of the Filipino social values is *pakikisama* (social acceptance) which makes a person yield to the will of the leader or the majority so as to make the group decision unanimous. Sensitivity to such a value could be invaluable in the manager's efforts at winning leadership and group support for his development plans; it could also prevent him from getting into unnecessary conflict situations with, say, members of his Board of Directors.

Operating within the political environment

The development administrator must recognize the importance of the political setting, including the political values and attitudes as well as the power structure of the community. A development programme or project, no matter how technically well-prepared, might fail if the manager does not take relevant political factors into account. In developing countries like the Philippines, informal or extra-legal channels are sometimes more effective than formal administrative or legal remedies in getting things done. On the whole, the development administrator must possess a keen ability to judge what is politically feasible, what adjustments or compromises have to be made, and what appropriate strategies or tactics are necessary to achieve the desired objectives in a given situation.

A major problem of Philippine public enterprise is political pressure or interference in management, which has also been found to be true of public enterprises in other developing countries.[7] Thus, the general manager, who is an effective development administrator, possesses the political knowledge and skills to get political support for his programme and projects as well as to overcome or circumvent political obstacles. He also devises or even improvises ways to minimize (if not prevent) overstaffing, inefficiencies, or financial losses as consequence of unmitigated political pressures.[8] At the same time, he is able to identify and communicate with influence centres, and thus to sell his ideas and development programme to policy-makers.

Economic imperatives

In addition to his socio-political awareness and skills, the development administrator must be well-acquainted with prevailing conditions and imperatives of the national economy. He is then able to relate the goals and programme of his enterprise to the larger goals of national economic development. And he has the capacity to adapt to rapidly changing circumstances.

In a survey made by this writer some years ago, the general managers of Philippine government corporations ranked "lack of funds" as their biggest managerial problem. Indeed some government corporations have been charged with more functions and responsibilities than

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See A.H. Hanson, **Public Enterprise and Economic Development**, London, 1959 pp. 418-9.

Cf. A.G. Samonte and L.C. Vidallon, "The Sale of the Maria Cristina Fertilizer Plant", in Raul de Guzman (ed.), **Patterns in Decision-Making**, Manila, 1963, pp. 57-90.

what their capital or resources would justify. In other corporations, however, lack of funds is more of an alibi for mismanagement or lack of managerial resourcefulness.

In any event, the development administrator faces up to economic or financial realities. While he continually looks for additional funding for his developmental projects, he has acquired the art of managing scarce resources for maximum results. He is not only time-conscious and costminded, but also aggressive, innovative and creative in evolving better ways of achieving more economical, efficient, and effective management of his public enterprise. Above all, he exercises good, balanced judgment under conditions of uncertainty and even in the face of crises or catastrophes.

ORGANIZATION AND MANAGEMENT

Integrating from a broad perspective

The general manager, as a development administrator, is very knowledgeable about the substantive activity in which the corporation is involved, be it agricultural, commercial, industrial, or regional development. He fully understands the place of his corporation in the larger scheme of things, i.e., in the general field of public enterprise, in the entire government structure, and in the national economy.

He is well-acquainted with the climate, internal working and resources, as well as the strengths and weaknesses of his corporation. In addition, he is familiar with the varied functional or professional fields interacting within his corporate organization.

The development administrator needs to be what Bertram Gross calls an "integrating generalist". He has overcome any special attachment to his previous field of specialization, and performs the role of reconciling and integrating the work of divergent, often competing specialities or interests for the purpose of achieving common desired goals of his organization.

The development administrator looks at events or problems in terms of whole situations or systems; his analyses are broad-based and his decisions are goal-oriented. His is the open, inquiring, and analytic mind. He views existing conditions or processes critically, but is positive, constructive, and imaginative in discovering new ideas or ways of improving the present state of affairs.

In this way the development administrator applies his knowledge of concepts, theories, and methods to the diagnosis and solution of actual problems. He studies the past in order to have a clear picture of the present and a better foresight of things to come.

Establishing rapport with the governing board

One of the vexing problems of the public corporation manager is his relationships with the Board of Directors. In the Philippines, this problem has been compounded by the quality of men who have been appointed to the governing boards of public enterprises. My studies on the subject reveal that a great majority of the board members of Philippine public enterprises (i) belong to the "older set", (ii) have had previous government experience, and (iii) are highly politicized. Analyzing the causes of conflicts between the Board and the general manager, it was found that both parties agree that personality differences were important causes of friction. But they tended to blame each other for their poor relationships. The general managers complained about members' interference in management, while the board directors resented what they perceived as attempts of the general manager to impose his will on the Board.

Under these circumstances, the general manager as a development administrator has to strive for better acquaintance with the background and personality, the particular interests, habits, and idiosyncrasies of each board director. He must be subtle and tactful in dealing with members of the board, and must strive to build up a healthy relationship with them based on mutual consideration and respect.

Planning and reorganizing for development

Another shortcoming of Philippine public enterprise is inadequacy of planning, which is compounded by the lack of accurate, up-to-date statistics; the shortage of men who are properly trained in methodologies of planning; and poor organizational structure for long-range and coordinated planning. The general manager, as a development administrator, should keep acquainted with the latest planning methodologies; he is thus able to tap available trained technicians for planning work, while taking steps to remedy the inadequacies of his corporation in terms of necessary expertise structure, methods, and systems for effective planning.

While striving to improve the capacity of his organization for development planning, he seeks to make the best of present circumstances. He learns how to plan under conditions of uncertainty and instability; while utilizing all available data that can be marshalled before making a decision, he appreciates the necessity of making timely decisions even in the absence of complete information. Thus, he is as decisive as is warranted by the situation, and is willing to take calculated risks.

In planning for corporate growth and expansion, the manager as a development administrator must act on his own initiative and exercise his entrepreneurial skill, continually searching out novel ideas, innovative techniques, and new approaches towards the development of his enterprise.

Implementing programmes

Another major weakness of Philippine public enterprise is getting plans and programmes properly implemented. To get results, the development administrator seeks mastery of the knowledge and techniques of programme management which is "the planning, design, and operation of action systems for the pursuit of specific objectives."[9] He must therefore have the ability to evaluate alternative courses of action in terms of set priorities as well as changing circumstances or situations.

Effective programme implementation requires a continuing assessment of personnel capacities and potentialities. The development administrator who has a good grasp of the dynamics of organizational behaviour, and possesses human relations skills will be able to motivate his men to contribute their best to the organization, while helping them to develop their full potentialities as members of the organization. To this end he delegates authority without losing over-all conrol, and he must inspire confidence and greater performance or achievement.

The general manager, as a development administrator, needs good public relations skills, as proper project implementation requires not only teamwork among his workers, but also harmonious relations with labour unions, clientele and other public groups of his corporate enterprise.

ETHICAL ORIENTATION

The administrator is a man of conviction, character and integrity. He believes in the philosophy and objectives for which his enterprise was created, and is committed to its success. He has faith in his capacity and that of his organization to develop. He inspires confidence and achievement (i) by his energy, honesty and sincerity, (ii) by a genuine interest in his men's welfare, and (iii) through leadership by example.

Above all, the development administrator's concern and sense of responsibility must extend to a commitment to national development. To this end he vigorously promotes the well-being and growth of his enterprise, but must be willing to subordinate his personal and organizational interest to the welfare and progress of the Nation.

[9] Blaise, op. cit., p. 32

THE DESIRABLE ATTRIBUTES OF A MANAGER/ DEVELOPMENT ADMINISTRATOR

J. Y. M. Pillay

THE SETTING

In attempting to deal with this subject I have inevitably been drawn into a comparison of the characteristics of civil servants and businessmen. How do the qualifications training and experience of each of these two species differ, how has their background shaped their attitudes and behaviour and, the crucial question, is there much chance of a successful interchange of roles between the civil servant and the business?

First, some of the salient characteristics of senior civil servants and businessmen are outlined to reveal how they differ.

The well-trained civil servant takes the long view, the strategic perspective. He is more attuned to the broader political, economic and social environment of problems facing him and he assesses the consequences of his decisions in that context. The corollary of all this is that he wants masses of facts and figures and plenty of time to cogitate before taking a decision. He is not particularly concerned if delays result in short-term losses; indeed, should his decision turn sour, he is likely to defend it on the grounds that it is the long pull that counts. Often, of course, the nature of the decisions he takes is such that its immediate impact is difficult to discern.

The businessman on the other hand is not subject to the same pressures to consider the broader canvas. Moreover, for him, immediate results are often more important than what may happen in the distant future. Indeed he expects that should conditions alter he will be able, with his resourcefulness and ingenuity, to make appropriate changes in mid-course.

Not surprisingly, the civil servant places national interests first. Sometimes this may be confused with the interests of his government. The businessman often does not understand why he should take into account national considerations which, he thinks, do not in any event fall within his province. On occasion he does not even know what the national interest is. The more far-sighted businessman realizes the significance of national considerations and their impact on his own well-being in the long run. But too often the average businessman judges the national interest by its effect on his own immediate welfare.

The training and working experience of a civil servant do not combine to make him a good manager, in the private sector sense, of manpower and other resources. He is accustomed to analyze facts and figures, to formulate policy, to write memos and, the cynical will say, to pass bucks. He does not really manage anything. Put him in a hot seat where he has to make many quick decisions on large and small matters and he is likely to be lost. He will insist on complete data before coming to a decision.

Because of the caution bred in him the civil servant hopes to get perfect, fool-proof data and he aims for safe and defensible goals and objectives. The businessman often cannot enjoy such luxuries. He works on inadequate data, hunches and his sixth sense. He is quick to assess tactical situations, he cuts out a lot of extraneous deadwood and concentrates on a few key factors.

Civil servants, unless they have worked in establishment departments, do not pay too much attention to personnel matters. They do not pick and choose their staff, they hardly ever discipline them and they have little or no say in their deployment. They expect their subordinates to be just as dedicated and undemanding of monetary rewards as they are. It is not surprising that they do not care much for that elusive quality, morale, or even know what exactly it is, how to smell it, and how to develop it. The businessman knows on the other hand that his business suffers immediately when morale sags.

Because of the nature of his work the civil servant tends to act as a magistrate. He is often too inflexible to reach compromises, sometimes because of political pressure or fear of offending political masters, and he is somewhat unbending and unapproachable. The businessman does not have to worry too much about impartiality and its consequences. Thus his wheels are better oiled.

Externally, the civil servant finds it psychologically and intellectually difficult to put with what may be termed business *mores*. He finds them banal and unsatisfying. He does not understand, for example, why he has to attend cocktail parties, make small talk and give the impression that he is enjoying himself. For the businessman on the other hand all this is grist to the mill. He will persist in the face of tactical reverses long after the civil servant has thrown in the sponge.

A key difference between civil servants and businessmen lies in their respective attitudes towards costs. Two aspects of costs are of relevance; first, the obvious one of cutting down on expenditure, and second, the more sophisticated exercise of cost — effectiveness. The difference is sometimes stated as achieving economies or practising economics. Because they do not have to work out unit costs, yields, break-even points, competitive prices and such like, civil servants are spared the headaches associated with using the pruning knife. If there is to be cost reduction in the government this usually means a corresponding reduction in service; the alternative of improving productivity is not usually considered to be of critical importance.

Perhaps the most outstanding difference between the civil servant and the businessman is that the civil servant has no market or consumers to worry about. He does not concern himself unduly with the appropriateness of his mix of products; whether he should discard certain lines, increase output of other lines, or introduce new lines; whether the consumers' tastes will change, what the consumer really wants, and how he can satisfy these needs; and what his competitors are up to. All this does not mean that the civil servant does not make an attempt to satisfy the future needs of the public for the services which his government provides. However these needs are usually satisfied by giving the customer what the civil servant believes he should get in adequate measure. Progress no doubt is made but probably not at the rate which comes about were the service to be provided by the private sector. Moreover the feedback from the consumer takes time to be felt and is often reflected not in a reduction of the demand for the service provided but in the performance of the government at the next election, a matter which does not directly concern the civil servant.

THE POSSIBILITIES

The foregoing analysis leads to doubt that civil servants can easily and readily slip into the role of enterprising hard-hitting businessman and *vice versa*. In the writer's experience this conclusion is borne out by the evidence available. This state of affairs does not, however, mean that civil servants have no role to play at all in corporations or companies which operate in an economic or commercial *milieu*. However certain conditions have to be fulfilled before the civil servant can operate effectively.

First, the corporation or company concerned should have the government as its principal customers. Alternatively it must have monopoly or semi-monopoly powers. Sometimes these monopoly powers derive from the fact that the investment required is so large and the prospects so uncertain that only the government will take the necessary plunge. The civil servant will then be operating in an environment with which he is reasonably familiar. He may continue to exercise effectively the authority which he was accustomed to wield in his former government job. He need not bother too much about getting his fingers dirty in the market place, of having to respond quickly to changing circumstances, of having to please a large variety of customers, associates and suppliers, and of having to take decisions at short notice and with inadequate facts.

Second, the operations of the enterprise concerned should be clearly associated with the government's development programme. Indeed it is not likely to be otherwise as, if so, the civil servant would not have been transferred out of an important government post to the enterprise concerned. It is a decided advantage for the government to have as leaders in such enterprises ex-civil servants who are familiar with government policy and methods of working and will respond to its cues.

Another manner in which civil servants can operate in economic and commercial enterprises is as board directors. The enterprises themselves may and should be managed by persons who are not civil servants or ex-civil servants. The training and experience of a civil servant will help him in guiding the destinies of the enterprise provided that there is not too much interference in day-to-day management affairs. Such interference by any board is dangerous, and is particularly so when the board consists of civil servants who by tradition will not be prepared to take bold moves without full supporting data and analysis.

There is, no doubt, evidence of senior civil servants in particular countries, especially Japan, who move easily from a government department on retirement to a sinecure in the private sector. These ex-civil servants, however, do not really function as businessmen, let alone as entrepreneurs. Large commercial enterprises have vast bureaucracies where a civil servant does not find life uncongenial. However the principal reason for bringing ex-civil servants into these enterprises appears to be the desire to retain someone with know-how of the inner workings of particular government ministries.

The foregoing has been concerned chiefly with the transition from civil service to business enterprise. Little has been said of the reverse process. Principally this is because the seminar is concerned mainly with the training of civil servants to assume the role of "development administrators". In any event, if the transition from civil service to commercial enterprise is not always possible or successful, it is even less so in the reverse direction. There are few businessman-entrepreneurs who are prepared to give up the fast-moving, intense life of a businessman for the staid, sober career of a civil servant. The available evidence is that they will be even less successful in doing so than their counterparts in the civil service are in switching to business life.

THE REQUIREMENTS

Having isolated the type of economic or commercial enterprise that a civil servant can move into and make a contribution to, what then are the attributes he needs to enable him to discharge his duties adequately. Provided the civil servant has had reasonable luck in his postings to the right ministries and departments he will have acquired some knowledge, concepts, and techniques which will help him discharge his new responsibilities.

Primarily the civil servant will need a sound knowledge of financial analysis; the ability to go through a mass of data and pick out the salient features and indicators; a knack for asking for the right type of statistics and analysis; and an ability to evaluate investment proposals. He should know how to control his costs and where to use the pruning knife effectively, i.e. to practise economics rather than merely to achieve economies.

Personnel management is a key area. This covers not only the selection of staff but also their training, career development and disciplining. Because of the system of almost guaranteed employment and the divorce of selection, disciplining and posting from supervision, experience in proper personnel management is difficult to obtain in government. Personnel administration is therefore one area which a civil servant switching to the more competitive *milieu* of public or private enterprise must learn up quickly.

Finally, marketing and the motivation of consumers which is perhaps the most difficult art to acquire for one who is accustomed to having the public appealing to him and looking up to him. It is doubtful that an ex-senior civil servant can ever succeed in the nitty-gritty of marketing. But he must understand marketing concepts, the formulation of strategy, and the tools which are available to enable marketing policies to be properly executed. Here again unfortunately there is little in his past government experience to help the civil servant. But given a receptive and inquiring mind the tools of the trade can be learned the hard way.

The conclusion may be reiterated that too much should not be expected of a civil servant, particularly a senior one, in the very competitive environment of private enterprise. He can play a useful role, however, in directing private enterprise at a high level. He could also make a significant contribution in the management of public enterprises of a monopolistic or semi-monopolistic nature. To function effectively as a manager of a public enterprise he needs certain skills and knowledge, particularly of financial, personnel and marketing concepts and tools. Some of these tools he can acquire during the course of his civil service career; others can only be learned the hard way on the job.

THE DESIRABLE ATTRIBUTES OF A MANAGER OR DEVELOPMENT ADMINISTRATOR IN PUBLIC CORPORATIONS

Somchai Hiranyakit

INTRODUCTION

This paper attempts to study the role and attributes of a manager or an administrator in public corporations. The government in modern times can no longer only limit itself to such activities as maintaining law and order, safety, justice and international affairs. The government must nowadays be responsible for many other duties such as the economics and welfare of the society. These duties vary from government to government. In developed countries, governments try to stabilize economic conditions as well as increase the welfare of the people; on the other hand, in the developing countries, governments have increasingly heavy duties to improve the welfare of the people and to raise the standard of living as well as promoting national economy as a whole. The *laissez-faire* concept is now dated: the government in each country has a definite role in the economy though the size of this role may differ from country to country.

The government's role in economics may be viewed in two ways. First, the government controls business in order to ensure smooth running and general progress by passing laws and regulations which act as a basic framework within which businesses can function. Second, the government may operate certain business concerns itself. In communist countries, the government will own and operate every kind of business, in socialist countries the degree of interference in the economic process will be less; and in capitalist economies, the government, in respecting the rights and freedom of each individual, will only operate the businesses which it thinks are necessary for it to run. This, of course, differs from country to country, and depends on the economic conditions and political thinking prevailing.

In several countries in Southeast Asia, there has recently been a sharp increase in the use of public corporations to supplement the production and services activities of both the private sector and government departments. PERNAS in Malaysia and INTRACO in Singapore are examples of this trend. These public corporations which are the strategic entrepreneurial type are presenting new management requirements and suggest the neeed for more training in modern business management for civil servants.

Since governments are now beginning to find it necessary to invest and operate in public corporations, it is worth examining how they should select managers or administrators to work in these public corporations in order that the organizations will have the highest efficiency and optimum profits. We shall consider the requirements for the managers or administrators of such enterprises in terms of knowledge and training, skills and attitudes which they should possess, in that order.

THE PURPOSES OF PUBLIC CORPORATIONS

A government may take upon itself the business function for any of the following reasons.

Reasons of social policy

(i) To meet crises such as war and inflation.

(ii) To prepare for war or for military or political benefits.

(iii) To protect natural resources from further waste.

(iv) To provide social services.

(v) To obtain a monopoly in some certain business, such as tobacco.

(vi) To obtain a monopoly in public activities.

(vii) To fulfil the objectives of a socialist system.

(viii) To replace current government machinery which is inefficient.

Specific reasons

(i) Consumers have expressed dissatisfaction with the operation of certain kinds of industries.

(ii) Firm belief in the efficiency of the government has been expressed by consumers who may want the government to operate one industry or another.

(iii) For profit, such as in the distillery industry.

(iv) It is easier to control businesses owned and operated by government. Passing laws and regulations controlling private industries may be less effective.

(v) To suppress corruption.

(vi) For political reasons.

(vii) The private sector has not enough capital.

(viii) When the government wants more goods or services of this industry, she can produce more at will.

What has been said so far constitute the basic, general reasons why governments administer public corporations. Reasons, however, differ very much. Thus, for example, in the US, the reasons for having public corporations derive from the fact that private sectors cannot operate certain industries or do not want to do so; reasons may hinge on military activities; or to promote private business to attain higher efficiency; and for political reasons; and also as an attempt to curb inflation. Yet although it is well accepted that there should be public corporations, the US is a free, and highly-developed economy, and business tends to be individualistic. The government therefore tries not to compete in business with the private sector or to be a hindrance to the operation of the private sector, and even the public utilities which are mostly operated by government in other countries, are largely in the hands of the private sector in the US.

In Southeast Asian countries, since the standard of living and economic status differ greatly from the US, the objectives for having public corporations are also different. The activities of public corporations in these countries are mostly performed by the governments themselves for promoting economic progress in these countries. However, governments in these countries has always to bear in mind that the progress of the country cannot be achieved only by the performances of the public sector, but must also depend on the close cooperation between the public and the private sectors.

DIFFERENCES IN ADMINISTRATIVE BEHAVIOUR IN PUBLIC AND BUSINESS ADMINISTRATION

Since governments in various countries, especially in the developing ones, have found it necessary to establish public corporations or state enterprises in order to promote production, or growth, it is necessary that these governments should also ensure that these public corporations maintain the highest efficiency in their operations.

First of all, it is necessary to consider the difference in administrative behaviour between public administration and business administration so that when public corporations have been established, one is clear as to what kind of administrative behaviour should prevail.

Administrative Behaviour in Public Administration

(i) Administrative behaviour in public administration aims at the progress and the development of society in general. That is to say, the government must sacrifice financial and natural resources for the progress and well-being of society without worrying whether such an investment will yield any profit or not.

(ii) Public administration organizations usually adhere to some strict, hierarchical structure according to certain laws and regulations, which enable the superior only to have full authority. It may also be that once this superior has been appointed to his position, it is very difficult to remove him from his post.

(iii) The hierarchical structure with its fixed authority lines descending downwards may require subordinates to obey orders from their superiors only, thus resulting in their lacking initiative. Thus, changes in the public administration system are few and slow.

(iv) This may be reinforced by superiors expecting their subordinates to be submissive at all times, even while out of office hours. This may further demoralize lower-level staff and rob them of their initiative.

(v) The system of public administration usually involves checks and rechecks in accordance with rules and regulations, with the result that there is no flexibility in the operation, which are bogged down by red tape in the administration.

Administrative Behaviour in Business Administration

(i) Administrative behaviour in business administration usually aims at profit. That is to say, any investment that has been made must yield profit. Therefore the use of financial or natural resources for any kind of investment must be carefully studied and the knowledge of business administration is of the utmost importance.

(ii) The business administration system is not much interested in a legal structure of authority. It is more interested in the individuals who are going to perform the work with the highest efficiency. Authority in business administration is places more emphasis on incentives; at the same time, superiors of various units in business administration are always on the alert and constantly try to improve their ability to work.

(iii) The line of authority is not so much vertical as horizontal in concept. Thus subordinates will have a chance to use initiative in their work and through their achievements, improve their positions.

(iv) The superiors of various units of business administration cannot always expect others to respect and strictly follow their opinions, especially when dealing with other agencies at which at times they may even have to appear quite humble for the general benefit.

(v) The business administration system must have a high degree of flexibility. Speed is essential. At the same time, no one can shirk his responsibilities if anything should go wrong.

The differences outlined indicate a need for public corporations, which are set up to promote economic development, to be administered in the way businesses are administered in the private sector. In this way, a high efficiency rate (which will coordinate with the activities of private sector) will be achieved. Restrictions and red tape in the operation of the public business should be minimized.

THE GENERAL REQUIREMENTS FOR A MANAGER

It is apparent that one cannot satisfactorily define a manager in terms of his position, since a position gets its real significance from the nature, scope, and importance of the responsibilities and duties imposed on the executive. Chief among these duties is that of *decision-making.*

The process of decision-making is one of deciding courses of action and of solving business problems. A managerial decision is one which seeks to advance the company or some part of it toward the achievement of its primary service objective, e.g. a decision to add a new line of product. This ability to make decisions is absolutely necessary in a manager. Fortunately, the executive is not without some guides to help him make decisions. He has basic facts which may be analyzed to discover alternative courses of action. He can then test the alternative courses of action to discover the best alternative. The executive also has a policy which serves as a framework within which his alternatives must lie.

A second important activity performed by a manager is that of *coordination*, which refers to the manager's responsibility for planning and maintaining a harmonious relationship between personal and physical factors in an organization. The purpose of coordination is to link the organization together as a unified whole. There are two basic types of coordination used to link together the functions of the business and the people in the business: (*i*) coordination of thought; and (*ii*) coordination of action.

(*i*) *Coordination of thought* is primarily effected between mental activities. Common measures, terminology, specifications or philosophy are all examples of basics in coordination of thought.

(*ii*) *Coordination of action* is aimed at establishing harmonious relationship between physical activities, so that proper timing and sequencing of physical activities may be established. This type of coordination is a part of industrial engineering and control.

It may be argued that decision-making and coordinating, though important parts of every manager's job, do not explain the exact nature of his work. It is probably true that any intelligent person, who is willing to make decisions and who is well informed, could make wise business decisions with a little practice. Similarly, it is possible for intelligent and communicative persons to coordinate with some effectiveness.

There is, however, yet another important function of management which clearly differentiates the manager from the non-manager, which accounts for the importance of management studies. This part of the management process includes the activities of planning, organizing, staffing, direction, control innovation and representation. These activities collectively form the organic functions of management.

THE GENERAL REQUIREMENT OF A MANAGER IN THE PUBLIC CORPORATION

The problem in the operation of public corporations at present revolves around the selection of a competent manager or administrator. Since public corporations are governmental units, many countries are inclined to appoint high-ranking officials who have experience and good records in their past work to the position of managers or administrators so that they may oversee better the operations and act as watchdogs for the government. However, as Professor Puay Ungpakorn, one of Thailand's famous economists, and the former Governor of the Bank of Thailand has stated:

> . . . do we have enough knowledge . . . is the government ready to engage in industry, that is to say does the government have a competent manager or enough knowledge in business management . . . those who are watchdogs for the government must be faithful and act for the benefit of general public, they must not be selfish, they must be particular in minute details and must be interested in the work that has been assigned to them. They should not feel that they belong to certain group of officials who like to give orders and expected the general public to be submissive to them . . . .

Such appointments may thus create certain problems, because most administrative officials tend to introduce the bureaucratic behaviour they are used to into these business enterprises. And this, as we have pointed out above, could very well stunt their subordinates' initiative and well to work.

Further, most high-ranking officials who are appointed managers of public corporations have permanent posts in government agencies. Since they have to wear two hats or even more at the same time, they have not enough time to devote to the public corporation. In addition, these officials may feel that their work in the public corporation is secondary, with the result that their performance in the public corporations are below expectation.

However, the appointment of officials as managers of public corporations is not always detrimental to the efficiency of the operation. This is because such appointments are always carefully screened, to make sure he has the following qualifications:

(i) He must meet the basic requirements of a manager mentioned above. That is to say, he must have the ability to make prompt decisions; he must be a good coordinator; and have the ability to exercise the organic functions of management.

(ii) He must have a thorough knowledge about the responsibility and the machinery of operation in the public corporation he is to administer.

(iii) He must have a high level of management skills and be able to transfer his skill into practice for the benefit of his public corporation.

(iv) He must behave well, and possess the right attitude, as befits the manager of a public corporation.

(v) He must devote his energies full-time to the corporation and should not hold any other position at the same time.

The requirements of a manager especially in (i) and (v) have already been discussed above, now we should consider (ii), (iii) and (iv) in that order.

THE REQUIREMENTS FOR A MANAGER OF THE PUBLIC CORPORATION IN TERMS OF KNOWLEDGE

There are several types of knowledge which the successful manager of the public corporation should possess. The most important types of knowledge are the following:

(i) The manager must know how to perform the organic functions of management.

(ii) The manager must know how to deal with people.

(iii) The manager must possess the technical knowledge relevant to his corporation.

(iv) The manager must know his particular organization well.

The manager of the public corporation must perform the function of executive leadership effectively. If he is weak in this area, he might, for a time, compensate by ambition, hard work, his ability to handle fellow workers, or by help from competent subordinates. Eventually, however his lack of executive ability will prove critical.

Fortunately, nowadays, there are many sources through which management knowledge may be obtained. Formal courses in management are available in most colleges and universities. Many large companies have executive and supervisory development programmes taught by their own staff or conducted by outside specialists.

Since the manager of a public corporation operates in a social environment, he should know how to deal with people: superiors, fellow-managers, subordinates, and persons outside the organization. He must know how to keep others informed, how to discipline an employee, how to motivate, and how to initiate changes. He must become aware that certain actions on his part will elicit particular responses on the part of others. In short, he must know how to practise good human relations. Much of this knowledge may be learned through insight and experience; some of it may be gained through more formal methods.

In addition to knowing how to manage and deal with people, the manager must have some technical knowledge. The term "technical" is used here to relate to the functional area of the corporation business. The management job becomes less operative and more administrative as the executive moves up the organizational hierarchy. For this reason, the technical demands on the manager becomes less specific (less project-oriented) and more general as his job becomes more administrative. Technical knowledge may be obtained through a variety of sources — from text-books, colleges or universities or on-the-job courses.

The successful manager moreover should have a thorough knowledge of the working of his own public corporation. He should know its history, and its structure; its management problems, objectives, policies; its strengths and its weaknesses. He should know its position within the industry, and its plans for the future. The only source for knowledge of this sort is the corporation itself. An enlightened corporation will provide formal indoctrination programmes for its members so that they may learn the management philosophy and workings of the organization. Where such programmes are not offered, a wise manager will seek out such knowledge on his own.

THE REQUIREMENTS FOR A MANAGER OF PUBLIC CORPORATION IN TERMS OF SKILL

There are three types of management skills:

(i) *Human skill:* being basic skills which anyone can acquire without training or with only a little training, for example, swimming, cleaning and dishwashing. This type of skill is essential for low-level workers.

(ii) *Technical skill:* a higher level skill which can only be acquired by training. This type of skill is essential for middle-level workers, each of whom has his own special technical skill in each type of work, for example, skills in mechanical engineering, accounting, sales, music, social research and security.

(iii) *Conceptual skill:* which is considered the highest level of skill. Not everyone can acquire this type of skill even though they may have received some training. This type of skill includes initiative, skills in innovation and decision-making, and the ability to perform the organic function of management.

The last type of skill is essential for the executive level or leaders of the corporations, such as the president of a company, the director-general of a government department, or a company manager. Conceptual skill is transferable to various jobs. For example, General Eisenhower, who was famous as an Army General in World War II became President of the US and performed a marvellous job in this capacity. Or, to take another example, Robert McNamara who was US Defence Secretary during the Kennedy Administration was later appointed President of the World Bank and is still doing well in his new office.

Since the manager of public corporations is the highest executive within the structure, it is essential that he must have had experience in business operations which needed this type of skill. Therefore the selection of personnel to work as a manager of a public corporation should take this into account. Since this type of skill is transferable, it is possible that besides high-ranking officials, people outside government circles who have had no experience in the running of corporations can be appointed managers of such enterprises.

THE REQUIREMENT FOR A MANAGER OF PUBLIC CORPORATION IN TERMS OF "ATTITUDE"

A person's attitude influences his behaviour in one way or another. "Attitude" is an intangible which is derived from a person's experiences, knowledge, thoughts, beliefs: all of which form a person's background.

Since each person's background and experience is different, different people's attitudes to the same task may also differ. Thus, for example, a person who have worked in the civil service for a long time may have an attitude which places more emphasis on rules and regulations. At the same time, he also expects his subordinates to respect him. This attitude may be changed by new experiences he acquires later on. For example, experience in working outside the government may change his attitude in considering that flexibility is more important and that he must respect his subordinates' abilities in their jobs.

Essentially, a useful attitude for a manager to adopt would include the following traits:

(i) He must always act for the benefit of the corporation in general.

(ii) He must not be "bossy" else he will not receive full cooperation from his fellow-workers or the private sector.

(iii) He must be alert in following up business trends. This calls for steps to constantly improve his business operations to suit changing conditions.

(iv) He must be flexible and quick without conflicting with the rules and regulations laid down.

(v) He must be thrifty and thorough in order to reduce production costs and enable the company to reap higher profits.

(vi) He must encourage subordinates to use their own initiative rather than always imposing rules and regulations upon them.

CONCLUSION

It can be seen that most governments of the developing countries are using public corporations as an important instrument for national economic development. This is particularly true in Southeast Asia.

One of the problems in regard to the operation of public corporations is the selection of a suitable executive or manager. In some countries these managers are selected from high-ranking officials with good background and outstanding past records. However, some countries prefer to appoint outsiders who have the ability and knowledge to act as managers as they want their public corporations to be run in a business-like manner.

The selection of either an outsider or a high-ranking official as manager should depend on whether the selected person has the basic managerial knowledge; an idea of his responsibilities; knowledge of the machinery of public corporations in general; and possesses a high level of management skill at the conceptual level. Furthermore, it is desirable that the person selected should possess the right attitude towards his work, and can devote himself full-time to his corporation.

DISCUSSION

Chairman:

Selo

We have now listened to the four presentations by Mr. Pan Sothi, Prof. Samonte, Mr. Pillay and Col. Somchai. The four papers have covered more or less different aspects of the subject.

Mr. Pan Sothi gave us a picture of the situation in the Khmer Republic which is in the process of developing a managerial group for the development of that country. Prof. Samonte and Col. Somchai presented us with a picture of the manager or development administrator with the relevant attributes. Prof. Samonte addressed himself especially to the development administrator who has a very broad task and who has to work with systems in his environment — political systems, economic systems and social systems. These have first to be understood by the development administrator. Col. Somchai, on the other hand, has explained the specific attributes of the manager of a public corporation. The attributes of the development administrator as explained by Prof. Samonte and the attributes of the manager of a public corporation as explained by Col. Somchai are different in many ways but they have nevertheless certain similarities. Lastly, Mr. Pillay has made a comparison between the civil servant and the businessman.

The topic is now open for discussion.

Panglaykim

Prof. Samonte's and Col. Somchai's papers describe a *das sollen* (what it should be) situation. Mr. Pillay's paper is more pragmatic, describing a *das sein* (what it is) situation. Mr. Pan Sothi's paper is a plea for a drastic change in his country.

Prof. Samonte and Col. Somchai accept the fact that in Southeast Asia public corporations will be playing a "vital role in the acceleration of a country's social and economic development". Thailand has accepted the role played by the state or public corporations. The Philippines is still reluctant to accept these corporations as being effective units.

But, it is a fact of life that these state corporations will be "dominating" a country's economy in this region in the future. To man these corporations we need a new type of managers, called "development administrators".

The papers presented by Prof. Samonte and Col. Somchai deal with problems of recruitment, selection, qualifications, attributes, and attitudes of the development administrators. The ideal type of development administrators should be: a man of conviction, integrity, committed to success, placing personal interests below national interests, and in possession of human, technical and conceptual skills. The question is, can we find enough managers with the above-mentioned qualifications and attributes? According to leadership theories it is difficult to identify with precision these leadership qualities.

In contrast, Mr. Pillay's paper is more pragmatic. He discusses the honest type of public servants, a product of the English type of public administration. He is more a generalist. This brings us to the question whether our educational institutions will be able to train this new type of development administrators — the integrated generalist.

In the years to come public corporations or state enterprises will be acting as a balancing power *vis-a-vis* the multi-national corporations and will be more and more involved in the development of national business enterprises.

Chairman:
Selo

Dr. Panglaykim has thrown out to this workshop a very challenging proposition. He is of the opinion that public corporations or government-owned enterprises will be the leading factor in the economies of the countries in this region in the future. We could perhaps take up this point for discussion later on.

Hahn

Prof. Samonte has given us in his paper a very comprehensive list of the desirable attributes of a development administrator using the situation of the Philippines as an example. I would like to add a comment to his paper.

Whenever we see such a shopping list of "desirable attributes", we cannot help but ask ourselves these questions: are these enough? If so, why? How about the skills or the ability to mobilize scarce resources? This last question is particularly relevant in the early stage of the development of a new enterprise, whether it be public or private. At this stage of development, the ability to mobilize various scarce resources seems to me to be the most critical attribute of a manager or development administrator.

The list presented by Prof. Samonte also implies that we have to devise a means to measure priorities from the list of desirable attributes. One approach may be to analyze the priority attributes relevant to specific tasks to be performed in an organization in the process of development. The setting up of this priority list is important because no one can possess all the attributes mentioned. To discover these priority attributes involves empirical research.

Yip I wish to make a brief comment on Mr. Pillay's paper. Himself a senior servant turned manager of a public enterprise in Singapore, Mr. Pillay has given us a clear insight into the differences between civil servants and businessmen in their motivation and mode on operation — an insight, no doubt, drawn from his own observations and practical experience. He argues that civil servants can assume an important business management role provided that the establishments they manage are public corporations geared toward national development programmes and provided they have a sound knowledge of financial analysis, personal management, and marketing. I do not wish to dispute with him over these conditions. However, I do wish to point out and reiterate the point mentioned by Dr. Panglaykim that in the countries of Southeast Asia recently there has been a sharp increase in the use of public corporations as a tool for national development which means that there is an increasing demand for civil servants to assume management roles in these public corporations.

This being the trend, how can we go about to identify the sort of civil servants needed to run these public corporations? Very often the government, in starting a public corporation, would like to have a senior civil servant direct the operations of that corporation rather than entrust it to a businessman. The obvious reason is that being a civil servant he is more loyal, trustworthy and dedicated to the goals and objectives of the national government. This being the case, there will be increasing demand for civil servants to be entrusted with this new role of managing public corporations. The question that I would like to ask is this: in the context of Southeast Asia, how can we find the right type of civil servants to fill this role? To increase this supply of management for civil servants? If so, how can we go about it?

Long

I would like to carry on with Dr. Yip's question and ask what sort of preparations a civil servant must have in order to operate successfully a public corporation. My approach will be behavioural rather than technical. I am not going to ask what a development administrator must know or what he must do because if we insist on what he must know, then he will spend all his life learning; and if we insist on what he must do, then he will need to multiply himself to do all that. So I will say what he should be.

I think there are three things he should be (i) He should try to create occasions for "renewal" or himself, not so much in a technical sense but of himself as a leader. By that, I mean that he must avoid the tendency to be static, as is the tendency with most people when they have attained high positions in the government. How does one renew oneself? In French, there is a word called "recycling". But this, I mean one could undergo some retraining, not through formal education but through, for instance, case studies. If he doesn't do this, a manager will fall into the phenomenon of "staticism". (ii) He should identify himself with the people. In our experience in Vietnam, we have young and well-educated Vietnamese who have studied overseas and returned home to be civil servants or business managers. These people sometimes appear to be foreigners in their own land. They seem to speak a different sort of language. These people will have to readjust their thinking and also their way of living in order to identify themselves with the people. (iii) He must prepare for his succession in an enterprise. He must think of the time when he must bow out either as a result to old age or ill-health. In order to do this, he must have the virtue of detachment. He must delegate authority. In order to delegate authority, he must find the right person who will be his successor one day. The manager of an enterprise often does not think of doing this because he imagines himself to last forever.

Sarmiento I wish to add my thoughts to the discussion. To me, an important quality of a development administrator in the Philippines is his acceptability. I refer to his loyalty to the Chief Executive, his ability to establish rapport with Congress, his apparent lack of ambition, and his unwillingness to use his office to further his political aspirations. Of course, he should be imbued with some maturity, both political and intellectual. Also important is his ability to handle people and his leadership qualities. In the Philippines, the retired military people seem to possess many of these qualities. These people could be harnessed and possibly recycled, as Mr. Long has suggested, for some of the positions as development administrators.

Blaise When we look at the papers which have been presented we see some diversity, especially when we compare Mr. Pillay's paper with Col. Somchai's paper which take almost opposite stands. Mr. Pillay says that only when a public enterprise has a monopolistic position or when the government is the sole customer, could a civil servant work effectively or feel at home in that enterprise. Col. Somchai, on the other hand, lists a number of reasons why government may go into public enterprises and he also lists a number of attributes which he considers important for the manager of such enterprises. However, he has not explained the difficulties which a civil servant faces in making the transition from the civil service into public enterprises. Prof. Samonte is somewhere in between the two and has identified some of the attributes of the public administrator.

As has been pointed out in the discussion, the governments of the countries in this region are realistically going more and more into such enterprises. This includes production enterprises as well as statutory bodies. Realistically also, government will continue to put more and more civil servants into management positions in these enterprises. For this reason, I feel that Mr. Pillay's plea not to put civil servants into such positions is not realistic. We have to look at this from the viewpoint of what needs to be done in order to train people who are going to be charged with new responsibility. Whether this new trend is desirable or undesirable is beside the point. What we are trying to work towards here is to identify the requirements for the manager of a public enterprise which are not similar to the usual requirements of a civil servant. There are certain management areas such as personnel, financial analysis, pricing, investing, public relations and marketing which a civil servant is normally not exposed to in his day-to-day work. We should try to identify those areas in which a public enterprise manager ought to have — the capability, ability, knowledge, skill and attitude which he needs to function effectively. We could do this, perhaps, by looking into the sort of things that a public enterprise manager is called upon to do and also the sort of things that a civil servant is called upon to do and then find out the differences between the two. From this, we may be able to design a programme for "recycling" that would turn a civil servant into an effective public enterprise manager. In many countries, public enterprises are not functioning effectively because this recycling has not been properly carried out. Since we are also talking about management education, it would be desirable to identify the sort of re-training or recycling needed to develop an effective public enterprise manager.

Yuthasar It is all very well to talk about the required attributes of a public enterprise manager but getting such a person for the job is quite a different matter. Here, it is a question of supply and demand. In Thailand, because of rapid industrialization, demand for business managers far exceeds the supply. Hence we have little choice in deciding the type of business manager we need for an enterprise. For us, it is a question of "what is" rather than "it should be". We usually accept a man as he is for a managerial position so long as he has the minimum qualifications required. After the man has become a business manager, we begin to train or develop him into what he should be. The largest number of qualified people in Thailand are found in the civil service. Hence, whenever the private sector is looking for experienced manager, it usually tries to steal the man from the civil service. This would mean brain-drain from the public to the private sector which I am afraid will have serious repercussions in the long run.

Kanapathy I fully concur with Dr. Panglaykim that in the years to come we are going to see increasing state participation in commerce and industry. Probably for a period of time we are not going to find much difficulty in getting the people with the right orientation, approach and motivation to take up key positions in these state enterprises. However, there are two things which would have to be considered if the state enterprises are to succeed: first, the vested interests of certain multinational companies and second, the ugly hand of politics. If politicians, after defining their policy objectives, could refrain from interfering with the operations of such enterprises, then these enterprises should succeed.

Sriprinya I would like to take up the point regarding the attributes of a public enterprise manager which several people have spoken on. I would like to classify such attributes into three categories: (i) those which can be acquired, (ii) those which are inborn, and (iii) those which are affected by the administrative system.

With regard to the first category, management education institutions could make a contribution by providing the necessary training. Managers could be trained to acquire a market-oriented outlook and also the ability to take risks and come out the better.

The second category of attributes are those which a person is born with, such as integrity. Most of the successful civil servants already have such qualities or else they could not have succeeded in their civil service positions. These types of attributes cannot be trained by management education institutions. In this connection, an important inborn quality is the ability to communicate with and understand people. This ability is vital for any administrator or manager. Part of this quality could be trained but most of it is natural to a person. Another quality under this category is one's desire to learn and improve oneself.

The third category of attributes could be acquired by changing the administrative system. For instance, the security of the civil service tends to discourage initiative on the part of civil servants. If we wish to encourage initiative among civil servants, we will have to devise a new system of employment and tenure in the civil service.

Laya Let me follow the action-oriented approach started by Dr. Blaise. I am worried by two basic questions. First, even if we agree that all the attributes which have been mentioned are necessary for a good manager or public administrator, we are still faced with the problem of how to identify the people who possess these attributes, not only with regard to those who will be appointed into the service but also with regard to those who are already in the service. Very often these attributes are very illusive, particularly honesty and other personal characteristics which are oftentimes difficult to discern.

Second, it seems to me that in many settings, it is rather difficult to determine the minimum requirements of these attributes in order to produce a competent manager or public administrator for efficient organization. It seems to me that we are faced with only very few alternatives of how to increase the level of efficiency in an organization. One is getting the right people on to the staff. But unfortunately, in many instances, civil service requirements make this quite difficult. In a state enterprise the only level which people could enter is usually either at the bottom or at the top. The second way is to develop the existing people in an organization in order to attain the desired attributes, and this is where management training enters the picture. But this has its limitations especially if the raw material is poor in the first place. The third possibility is to identify and retain the good people in an organization. Sometimes this is possible in those organizations which could offer the right compensations or motivation for these people but again this varies from one organization to another. In the Philippines, the Central Bank and the Board of Investments have been able to do this but many other organizations have found it difficult to retain their good people. The fourth way is to fire those people who do not meet the attribute-level. However, this is oftentimes impossible in the government. The final solution, in order to raise the level of performance, is probably to re-structure the system in an organization so that it could succeed even with a certain level of mediocrity.

Among these five possibilities, perhaps the only way in which we can get something done immediately without any basic change in the fundamental structure of an organization is in terms of developing the existing people to attain the desired level of attributes or to provide the right compensations or motivation in order to keep back the good people.

I am just trying to put myself into the position of a manager at the top who is faced with the problem of getting the entire organization moving efficiently, and I can see that to do this my choices are rather limited.

Chairman:
Selo

I would now like to give an opportunity to the paper-writers to respond to the various points raised during the discussion. Since Mr. Pillay and Col. Somchai have been especially mentioned by Dr. Blaise as having different viewpoints regarding the attributes of a civil servant entering into business, I would like to invite, first, Mr. Pillay and then Col. Somchai, to give their reaction to the comment. After that, I will give Prof. Samonte and Mr. Pan Sothi a chance to speak.

Pillay

I think is about time now that I swing the pendulum from the extreme position that I took in my paper. First, I accept the premise that the government will be drawn more and more into public enterprises in the future although I think this is a tragedy. The fact is, you cannot isolate the performance of public enterprises from the government itself and indeed, from the society as a whole because the government is the prime mover in a society and the performance of all the sectors in a society depends on the performance of the government. There may be societies in the developed world where the business sector is able to perform efficiently despite political instability. But in most of the countries in this region, it is a myth to think of business performing well while government leadership is sluggish.

Having recognized these facts, what can we do? Again, I can only go by my experience and by the experience of the Singapore government. There are some characteristics in Singapore which are of particular relevance. In Singapore, we have political continuity and stability. The present government has been in existence for thirteen years. This is a long period of time and under such circumstances, one could do planning on a long-term basis. A corollary of this longevity of the government is that government ministers have become quite expert in their jobs It is interesting to note that the ministers in Singapore do not really need to have their hands held by civil servants as is true in some other countries where the civil servants are probably more expert than the ministers in certain fields. This means that some of the best civil servants in Singapore can be free to manage public enterprises. This is an important consideration because if you do not have good ministers, then the best civil servants will have to remain in the government to look after routine administration and try to fuel the engine of growth as best they can. To have a pool of competent civil servants there is no other way out; you just have to select good people into the civil service. If you take the stand that civil servants will eventually be called upon to take managerial positions in public enterprises, then you will have to select them young, nurture them, give them a rounded training and hope eventually they can be set free into these public enterprise. This is how it is in Singapore.

There is a certain amount of infusion of outside talents into our public enterprises at the top management level but there isn't all that much. Most of these positions are largely staffed by local civil servants. I must say that what is also important during the grooming stage of the civil servants is the whole atmosphere of the government. Is it action-oriented? Does it concern itself with cost-effectiveness? If it does, then we are likely to produce good civil servants. This goes back to my basic point that you cannot have good public enterprises unless you have a good government which also implies that if you have a good government, you will also have a strong private sector, which means, of course, that there may not be the necessity for the government to go into business.

Somchai I still maintain that it is the duty of the government in the countries of Southeast Asia to enter into business activities through public enterprises as a means of promoting social and economic development. Sometimes, this is because the private sector cannot afford to provide the expensive capital outlay for such enterprises or because some of the national development objectives cannot be achieved through the private sector. However, the extent of government participation in business does vary from country to country.

Samonte I would like to elaborate on the framework of my paper which I was unable to do so during my presentation due to the shortage of time. Prof. Panglaykim has mentioned "what is" and "what should be." He missed out one other thing which is "what could be". In other words, while I tried to emphasize "what is" in my paper, it was for the purpose of moving from "what should be" to "what could be", not only within the existing system but also in terms of what could be realistically a better system. This is one of the things that limits our method of analysis. Sometimes we think in terms of black and white but really what we should be driving at should be different shades of grey. When we say a person is a good runner, this is very generalized. Is he a good sprinter or is he a good long-distance runner? I would suggest that you need a sprinter for one type of organization and a long-distance runner for another type of organization.

The second point I would like to mention is that we should look at the attributes as a syndrome of attributes. In other words, you cannot isolate the attributes singly and put them together and hope we can have a complete whole. I would therefore suggest that the systems approach would be very helpful. I have noticed in some of the discussion so far, especially regarding political, economic and social development, that it did not use systems approach but the unilinear approach. For instance, it has been said that political development is a pre-requisite for economic development but if you look at the development process as an entire system, then you will find that economic, social, political and cultural aspects are inter-related. The proper mix of these factors depends on the particular country. This suggests, as pointed out by Dr. Hahn, that we need to do more empirical research. Even if we put together all the general managers and ask them what makes them successful I do not think we can have a systematic body of knowledge to achieve what Dr. Blaise was asking for. We have to go beyond impressionistic evaluation or judgment based on just single cases. By doing this, we will be able to develop standards rather than stereotypes and we will be able to have a more scientific basis for a specific course of action.

Pan Sothi We have perhaps failed because we have not clearly defined what is management in the context of each country in this region since management in the Khmer Republic is different from that of other countries. We have heard of management being described as a decision-making process, as a social system, and as a behavioural science; and we have also heard of the attributes that make a successful manager. But we have not discussed the social and cultural constraints in a country that hamper the development of good managers. This is an area which requires empirical research. For instance, power, authority and responsibility are viewed differently under different social and cultural settings. Therefore we should first define the concept of management for a country in the context of its own social and cultural background. Only after that should we begin to draw up a list of the desirable attributes for a manager or development administrator. When this is done, we can then ask the universities to produce for us these people. Unless we do this there will be a "brain waste" — young graduates will not be able to fit into the social and cultural environment.

Chairman:
Selo

I would like to close this session by mentioning some of the highlights of the discussion. We have discussed the desirable attributes of a manager, both in a public and private enterprise. Most of the important attributes have been mentioned — attributes that are, attributes as they "should be", and also attributes as they "could be". The self-renewal or "recycling" of a manager has also been mentioned, meaning that a manager should always try to refresh his knowledge and experiences in order to keep up with the development of his environment. It was also mentioned that the manager should prepare for his succession in order to provide continuity for his organization. Another point that was raised was that civil servants could successfully manage public enterprises with certain readjustments. Another opinion expressed by some participants is that in the future, in the Southeast Asian region, more government participation in business can be expected. This would balance the influence of multi-national corporations. These are just a few of the highlights of this morning's discussion.

PART IV

CURRICULA IMPLICATIONS IN MANAGEMENT EDUCATION FOR PRESENT AND FUTURE NEEDS

CURRICULA IMPLICATIONS IN MANAGEMENT EDUCATION FOR PRESENT AND FUTURE NEEDS

Aminin Honggodjojo

Before going into discussions about curricula implications in management education, a description of the current situation concerning management development activities undertaken by the University of Indonesia would be a very appropriate start.

The University of Indonesia is at the moment the only institute of higher learning in the country which is conducting a management development programme on a significant scale and of a continuing nature. However it is necessary to take into consideration that at the University different approaches are adopted towards management education and management training.

Management education has been conceived of as the regular teaching of management as a part of the business administration curriculum which leads to a Masters (Doctorandus) degree after a period of study of five years. This education programme is conducted by the Department of Business Administration at the Faculty of Economics.

Management training is an adult training programme considered to be short term in nature, and does not lead to a degree. These management training activities are conducted by a special body, The Management Institute, which is under the jurisdiction of the Dean of Economics. It is important to keep in mind that there are two separate institutions which are concerned with management development activities.

Discussing curricula can only be fruitful if from the beginning we realize that the curriculum is only one of so many factors affecting management development efforts, so that discussing one without considering the other is of no use.

Objectives of Management Development

A curriculum as the content of the training programme should be set up in concordance with the objective to be attained by the training programme.

The objective of management development can be roughly stated as to provide for "capable management personnel who are development oriented". Digging deeper into the matter the following questions need to be answered. Who are these management personnel? Should all of them be development oriented? What does "development oriented" mean? Managers are found at every level of the business organization, each with their specific functions and attached responsibilities, so that each function requires special qualifications from its incumbent. These special qualifications are compared with the existing capacities and the gap must be filled by the training programme. Thus in order to set up a training programme it is necessary to know, in advance, what kind of managers should be trained and what kind of special objectives are to be attained. This is easy to put down on paper, but in reality it is very difficult to find out what the real needs are of the business community in the area of management development, especially in a developing country. The practice followed by the Management Institute was (and is) that we design a certain programme and try to sell it, with the hope that the business community will buy it. The objective of our Institute is, in fact, to try to restructure the business community, which in the eyes of the university people, are still in a backward state, lacking the necessary managerial skills and modern ways of thinking. Since 1960 various curricula have been set up by the Management Institute, which at that time bore the name of Executive Development Programme. As the most serious shortcoming in management at that time was considered to be the habit of "passing the buck", the emphasis of the course centred around the need to accept responsibility, and assemble information for making decisions. The objectives of the course can be summarized as:

(i) To prepare *top-executives* to be able to participate more substantially in the economic development of the country, with the objective of achieving prosperity and social justice.

(ii) To bring about a change in the attitude of the responsible executive in order not to suboptimize, but to promote the interests of the whole business organization.

(iii) To increase managerial skills by studying new developments in scientific techniques, and by mutual exchange of experience.

(iv) To study the decision-making process and business policies.

(v) To increase analytical skill and capability in understanding other peoples' problems.

The curricula set up for these purposes since 1960 is as follows:

1960 CURRICULUM

Administration

1. Objective
2. Policy
3. Control
4. Organization
5. Labour relations

Production

1. Purchasing
2. Plant location
3. Plant and equipment

Marketing

1. Internal trade
2. International trade

Labour

1. Labour laws
2. Labour unions

Financial Control

1. Statistics
2. Accounting
3. Finance

1965 CURRICULUM

Principles of Business Management

1. Managerial economics
2. Organization management
3. Personnel management
4. Financial management
5. Production management
6. Marketing
7. Managerial accounting
8. Quantitative methods of business

BUSINESS WORKSHOP: 1 APRIL 1968-9 (FOR MANAGERS IN GENERAL)

1.	Government policies	Guided economy and "liberal" economy. Investment policy in economic development. Rehabilitation and stabilization. Prices in development process ("progrone").
2.	Monetary and banking	Inflation & prices. Tight money policy and banking in Indonesia.
3.	Public finance & fiscal policy	The government budget and all taxes; foreign and domestic investment.
4.	International trade	Trade policy — international agreements. European Common Market/ Asean: impact and prospects
5.	General management	Management philosophy. Ethics in business. Environmental impact on business activities. Organization and its evaluation system.
6.	Production management	Set-up and flexibility scheduling. Problem of break-even, net worth, planning. Systems analysis. Critcal path method (CPM).
7.	Industrial psychology	Motivation and efficiency. Fringe benefits. Rationale of rationalization and re-organization.
8.	Financial management	Source of finance and taxes. Capital budgeting and funds flow. Rationale of credit policy and liquidity. Profitability control.

9	Accounting for management	— Financial control system. Budgeting and decisional problems. Cost evaluation. Depreciation policy.
10.	Managerial economics	— Business forecasting techniques.
11.	Marketing	— Techniques and problems.
12.	Statistical appreciation	— Use of statistics in business decisions.

The first curriculum was used, almost unaltered, until 1965. Comparing this curriculum with the objectives to be achieved we observe that courses designed to bring a change of attitude are not present; and that the general idea was mainly to transfer basic managerial skills to the participants.

After 1965, the year of the communist revolt, came a pause in the activities of the Management Institute until early 1968, when new life was blown into the organization. A new programme was set up under the name of Business Workshop, a name designed to attract business people. In fact it was a seminar in general management. The objective to be attained remained the same, namely, to transfer managerial skills and techniques. The instruction method used was the seminar.

In 1971 came a change in the policy of the Management Institute. The Director gave the following statement concerning the objectives to be attained and the policies to be followed:

> While the Management Institute has committed itself mostly to the business community it is of utmost importance to know what the problems are in this community and what steps should be taken from the viewpoint of training.

The situation within this sector can be briefly described as follows:

(i) Business firms in Indonesia do not fulfil the requirements of modern business, technologically as well as managerially.

(ii) As a consequence endogenous firms remain small, one-man or family-type businesses. This condition is also the result of the absence of dynamic owners and top managers. Big corporations as facilitated by the laws are never forthcoming.

Reviewing the activities of the Faculty of Economics and projecting them against the background formed by the business world the following observations can be made.

(i) Efforts to train specialists for the business world are lagging far behind needs. It will take decades to close this gap, and especially in the managerial field.

(ii) The Faculty of Economics does not provide facilities for the training of adults who are incumbents to high managerial positions but who lack the necessary skills and knowledge. Considering these shortages the long-term objective of the Management Institute is to fill these gaps by providing training services for existing managers with the objectives of promoting the development of a dynamic attitude, and to develop their managerial skills.

In order to achieve these objectives the Management Institute set up a training programme for (a) top managers; and (b) middle managers.

Top Management Training

The reasons behind the setting up of a special training programme for top managers are:

(i) To give priority to the dynamic aspect of economic development, the "change" element. Economic development means a continuous change and the bearer and producer of change in business is top management, the principle decision-maker. Top management has the duty to lead the business organization towards a predetermined goal which should be a part of the ever-changing social and economic environment which surrounds it.

(ii) To stress a need for top managers to be aware of their responsibility to the organization as an integrated whole, which, however, is only a sum of parts. On the other hand, they must realize that the business organization in which they serve is but a subsystem of a larger system.

From findings of surveys made in recent years, it was found that often top managers do not function solely as such: i.e. they do not busy themselves only with the formulation of business strategies and the execution of corporate planning. Instead, they are often found to participate actively in organizational functions much lower down the ladder. The main reason behind this phenomenon was their fear that something may go wrong if a job is left to a subordinate, whose ability they may doubt. Thus the top management, in continually handling matters that should be left to lower-level staff, gradually found themselves entangled in a whirlpool of routine work. This situation has arisen because most top managers are not yet aware of the real problems of survival of their business organizations, and they are not yet able to look beyond the boundaries of the micro-unit. Thus a special course for top managers was set up with the following curriculum

1 **Introduction**
  Identification of the organization and its mission
  Basic concept of systems theory
  The business organization as a system and subsystem
  Dynamics in the business environment
  The top executive functions
  Management by objectives

2 **General Management**
  Marketing
  Production management
  Organizational build-up
  Financial aspects of the business
  Managerial accounting
  Statistical appraisal
  Net-work planning

3 **International Development and Trade Implications on Indonesia**
  International trade
  The world monetary system
  Technological trends
  The role of Japan in Southeast Asia
  East-West conflict
  The rise of China

4 **Possibilities and Limitations in Indonesia**
  Government policies and its impact on
  — job opportunities
  — conversion rates
  — balance of payments
  — stability of prices
  — economic development
  Strategy of economic development
  Non-economic factors
  Taxes and its impact on business
  Foreign investments

5 **The Executive's Role on Corporate Development**

Determination of organizational mission
— Public relations: image, community responsibility
— Policy formulation, business strategy
Management of change
Management of conflicts
The psychology of change
Corporate planning
— Allocation of resources and criteria
— Analysis of investments and decision-making
— Uncertainty
Information and control system
Reporting system
Project appraisals
Introduction to computers

6 **Case studies**

Business games

The method of instruction used is the seminar, combined with case studies and business games.

Parallel with this top management course is another arranged for middle managers, to train them in the various functions of business management such as are indicated below.

(i) **Financial Management and Accounting Course**
Main Subjects

1 Introduction

2 Financial accounting
— Accounting cycle
— Financial statement items
— Product costing
— Fund statement

3 Internal control

4 Managerial accounting
— Cost concepts
— Profit planning
— Budgeting

5 Financial statement analysis

6. Working capital management
    - — Cash management
    - — Cash budget
    - — Inventory control
    - — Terms of payment
7. Capital budgeting

Supporting Subjects

1. Introduction to computers
2. Management information system
3. Marketing related to finance & accounting
4. Production related to finance & accounting
5. Taxes

Case Studies

1. Capital budgeting
2. Financial analysis
3. Cost concepts
4. Inventory analysis
5. Financial statements
6. Cash budget

(ii) **Marketing**

1. (a) Principles, main functions, role of marketing
    (b) Marketing co[illegible], efficiency
    (c) Marketing research, marketing analysis and forecasting
    (d) Marketing planning and strategy:
        - — product strategy
        - — price strategy
        - — channels of distribution and organization
        - — sales promotion and advertising

    (e) Marketing area and relevant factors
    (f) Marketing operations and marketing control with emphasis on salesmanship
    (g) Case studies
2. Financial management
3. Statistics and methods of research

(iii) **Production**

1. Production functions
2. Marketing and sales management
3. *Pengawasan perentjanaan*
4. Stock control

5. Purchasing
6. Method study
    - Method study techniques
    - Method study exercises
7. Work measurement
    - Time-observation and rating
    - Relaxation allowances
    - Time-study exercises
8. Materials handling
9. Plant lay-out
10. Labour and machine utilization
11. Quality management
12. Plant maintenance
13. Network analysis
14. Cost accounting
15. Training
16. Industrial/Personnel relations

(iv) **Personnel Management Course**
Main Subjects

1. Introduction
    - Personnel functions in the organization
    - Current personnel management in Indonesia
2. Personnel planning
    - Job analysis
    - Recruitment
    - Selection
    - Placement
    - Promotion and transfer
3. Training and development
    - The process of personnel development
    - Development requirements
    - Techniques of development
4. Performance rating
    - Performance related to development
    - Performance related to compensation and promotion
5. Wages and incentives
    - Job evaluation
    - Incentives
    - Administration of wages and salaries
    - Administration of incentives

6. Labour relations
   - Labour laws
   - Labour regulations
   - Discipline
   - Complaints
7. Research for personnel
   Labour cost effectiveness
   Work satisfaction

Supporting Subjects

1. Psychological aspects of labour
2. Social aspects of labour
3. Judicial aspects
4. Labour cost

Case Studies

The curricula are set up by a team and after each course is over, the group which designed the curriculum meet together and discuss the results. The necessary corrections are made, the course starts again with the corrected curriculum. By so doing, each curriculum will always be corrected for eventual short-comings, especially in relation to new or expected developments. By stressing on the development of a dynamic attitude with top managers complemented by a group of skilled middle managers, and by reviewing each curriculum after the end of each course, the Management Institute is hoping that finally a positive trend will emerge in the Indonesian business world. In order to complete the picture of the change in the strategy of the Management Institute, it is worth-while mentioning that in its long-range plan, the Institute is giving more attention to top management training in order to focus on the dynamic aspects and in-plant training to meet the special needs of the various business firms.

Reviewing the period from 1960 until now the following summary can be given.

(i) **Objectives of Training**

In 1960 the objectives of training was to train the policy-makers of business enterprises and governmental officials. This was a consequence of the political and economic situation at that time when there was no stability at all, so that all efforts were centralized to produce sound decisions. As was stated earlier in this paper, the most significant shortcoming at that time was the habit to "pass the buck". Top executives tried to evade making decisions or to bear responsibility. That was why the emphasis of the course was laid on decision-making and accepting responsibility, while the method of instruction used was the case method. Participants of the course were, as officially stated, "top-executives", though lower-level personnel in government offices were also allowed to follow the courses because in those days, the top policy-makers might not have been the top man in office.

In 1968, the objectives stated for business managers following the training programme were:

(a) To provide an economic insight broad enough to be used in setting business strategies.

(b) To create the managerial mind necessary for economic development.

(c) To provide managerial and economic tools to promote creative thinking and increase efficiency.

Though a little bit differently formulated, there is not much change from the objectives of the previous programmes. Also, the participants were recruited from the top managers, and lower personnel who were *de facto* decision-makers.

In 1971, the objective was to train managers from different levels separately. If, in former years, the stress was laid on the transfer of general managerial skills, since 1971 the principles of general management is given in a special course which is set up for those who want to go deeper into the matter.

Top managers are trained in order to be able to perform their tasks as those who are responsible for guiding the whole organization towards objectives which should be set within a dynamic economic and social environment.

Middle managers are trained separately according to their specialized functions in the business organization.

(ii) **Curriculum**

Analyzing the changes in the curriculum the most remarkable change is that in 1960 we had no curriculum and had to invent one; and since 1971 we have been analyzing course contents within various curricula.

The contents of the curriculum since 1960 until 1971 were mainly oriented towards general management. Since 1968 the topics were more precisely formulated and an economic background was provided.

CURRICULA IMPLICATIONS IN MANAGEMENT EDUCATION

In 1971 came important changes in the pattern. From one curriculum meant for general management, used since 1960, there are now as many curricula as are prescribed by the need to set up special courses. The following course curricula now exist for:

Top management
Personnel management
Production management
Finance and accounting
Marketing management.

New courses to be added are for:

General management
Managerial accounting
Project-appraisal
Quality management
Materials management
Production planning and control
Management by objectives
Personnel and industrial relations
Taxes
Export marketing
Selling
Production cost control.

The new courses are all short ones of a technical nature. The shift in content was from general management to tailor-made curricula for specific management needs. For top managers, the dynamic attitude is considered to be a *sine qua non,* and to attain this end, topics such as Systems theory, Dynamics in the business environment, Management of change, and the like, are included. In general, it can be said that in 1960, the contents of the curriculum were confined to management topics within the boundaries of the business-unit. With the introduction of the top-management course in 1971, the curricula cover a wider scope, and it is not only the micro-unit which is studied, but the relationships with its dynamic environment are also fully covered.

CURRICULA IMPLICATIONS IN MANAGEMENT EDUCATION FOR PRESENT AND FUTURE NEEDS *

Chann Pech

Managerial Skill and Development

In national development managers at three levels are needed:

(i) Top Managers, who are responsible for managerial strategy: fixing objectives, and planning.

(ii) Middle Managers, who are in charge of implementing policies; to see to the scientific organization of labour, all with an eye to increasing productivity; and administration in general.

(iii) Low-level Managers, to aid in the implementation of the work programme, and to be in charge of job supervision.

With the ever-increasing complexity of business in the modern world, a new branch of managerial skill is being developed, that of the consultant: whose concern is to study specific cases which require the use of advanced and specific techniques in information processing, marketing, publicity, etc. This type of skill is having an ever-increasing bearing on development, and to this end, the university has a duty to train men competent to fulfil such functions.

The Role of the University

Universities should seek to modify their systems of education so that the following objectives may be achieved.

(i) Many levels of management education should be worked out in order to train managers to fill all three levels of management.

(ii) In professional training, there is no such thing as a completely "finished product". In other words, extra-scholastic courses must be devised. These are of two kinds:

  (a) Pre-recruitment courses, known as "sandwich courses" to provide new graduates with specific information required for the job he chooses. The university however, cannot satisfy all needs in all cases.

  (b) Training courses, which are periodically re-designed to expose the students to new techniques in technology and in management.

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* Translated from French

The capability of a man is influenced by his background and his inherent talent. Capability is also a function of the state of both cultural and economic development. For example, the capability required of an automobile engineer in the Khmer Republic is different from that which is required in the USA.

Thus education programmes must be conceived, not only to train the type of men needed in the economic world, but the programmes must be constantly re-evaluated against the economic development of the country. Usually university programmes exceed training needs. It is however, very necessary that any programme of education take into account the fact that technical progress creates new jobs and that cultural development requires higher levels of knowledge.

The advent of modern business has made management science education an urgent necessity. No man can afford to ignore this science, no matter in what discipline he is trained. Management education can either be introduced into the normal university programme or included as an additional optional programme to give the student the opportunity of enlarging his knowledge in management.

The university can contribute to the education and development of management by undertaking research, organizing exchange of ideas by various means e.g. holding seminars, conferences, workshops, and sponsoring international gatherings, by publications, and by creating consultation documentation centres.

Conclusion

The university must stop being a separate entity with its own way of life, its own management, its own cadre — where often its beings live apart, with their heads in the clouds. If a student has been subjected for long to such an environment, the new graduate will find himself disoriented at the beginning of his business career. The university therefore must be managed with the same spirit and methods as are the economic sectors. The exchange of personnel between the business world and the university is the only way of assuring harmony between higher education and management of the economy.

THE STRUCTURING OF MANAGEMENT EDUCATION TO MEET THE NEEDS OF ASEAN NATIONS

V. Kanapathy

INTRODUCTION

Until recently, family-owned or one-man businesses dominated the business sector in almost all Asean countries. A good number of these enterprises prospered partly because the size of the enterprises was not very large and/or overheads were generally low. Most entrepreneurs operated their activities frugally with a considerable amount of courage and risk-taking, which incidentally are attributes still required for a successful manager. This situation is a partial explanation for the fact that a good many of these people, till very recently, did not even possess the foggiest notion of the vital role scientific management performs in consolidating and advancing Asean development.

During the past ten years or so, however, the concept of partnership and limited liability form of business has begun to gather momentum resulting in a growing appreciation of the need for professional managers and sophisticated approach to growing organizational problems. Inevitably, a great strain was imposed on the limited managerial talent both in the private and public sectors to cope with this rapid advancement of corporate bodies. To relieve this situation, inexperienced, and sometimes ill-qualified, men were pushed up to positions of responsibility resulting in top management in too many positions being ineffective.

THE PRESENT SITUATION

With a view to meeting the increasing needs of trained managerial manpower Asean universities set up business administration departments to develop business studies. Management education in the universities is at an undergraduate level and the only institution that is different from the rest is the Asian Institute of Management, which is a graduate institution modelled on the Harvard pattern.

Available records do not give any indication concerning the criteria adopted by the authorities which made them go in for undergraduate business studies. At present, almost any student who has passed the Higher School Certificate examinations with a principal in Economics can do a degree in business administration in a university. Does he really understand and appreciate what is being taught? Can he be assigned a responsible position after such a training? Would this not strengthen the hands of those who are sceptical and suspicious of management education? There is a school of thought which questions the wisdom of business education to undergraduates. This school feels that such aspects of management as personnel, production, marketing, advertising, purchasing and service activities should be taught to those who have already had an overall preparation for a business career. Those in business and industry for some length of time holding executive positions come under this category. It is the view of this school that business studies should be taught at a postgraduate level. For the first degree it would be useful, this school says, to take such subjects as economics, law, engineering, statistics and some even advocate taking a degree in classics. The proponents of the above pattern of management education reject the idea of undergraduate business studies for they are of the opinion that business studies are too narrow and experimental to be suitable to undergraduates. Apparently, such courses are now criticized even by certain authorities in the United Kingdom and the United States.

To counter this, the other school of thought advances the argument that satisfaction of the demand for management education has to start somewhere. The latter school holds the view that we know very little about the "best" way to train managers and it is as well that alternatives are tested — if only to provide a range of "products" (skilled men) to match a range of markets (jobs). The crux of the problem lies in the fact that when management education was introduced for the first time in the Asean region in the mid-sixties, no thorough examination was made as to the type of management education programmes best suited to meet the needs of the Asean community. In view of the haste with which management education centres were established a gulf appears to exist between the providers of management education and the business community within which the educated manager will have to work.

No attempt was also made to assess the management education needs of presently employed manpower with the view to increasing the latter's effectiveness, and to examine whether the universities would "dirty their hands" by taking such humble vocational objectives as the provision of tailor-made courses for companies. Though the objectives of universities is to turn out men to be innovators and men who are alive to changing social values, it is assumed Asean universities would, if invited, agree to mount management courses aimed at improving industry's long-term performance. (This also assumes industry is aware of Asean nations' aspirations and would operate in a manner to accommodate these aspirations.)

THE NEED FOR A DETAILED STUDY OF MANAGEMENT EDUCATION NEEDS

I hold the view that a detailed study on management education needs have to be undertaken immediately by the Asean community. At the last Sixth Ministerial Conference for the Economic Development of the Southeast Asian region held in Kuala Lumpur on 3-5 May 1971, it was resolved to appoint Messrs. Cresap, McCormick and Paget to undertake such a study. Another team led by Professor Norman Hunt is also undertaking a study somewhat on these lines. For such a study to take any meaningful shape, it should be conducted by Asean specialists, and if necessary, with the aid of experts from abroad. The study should, among others, cover the following issues:

(i) Estimate the present and future managerial manpower needs.

(ii) Examine the institutional arrangements that are presently available to supply these needs and to guage whether they have the capabilities of developing entrepreneurial skills and managerial ability. These are essential skills for people who are to be effective leaders in industry.

(iii) Whether any additional institutional arrangements have to be made to produce the required number of men with entrepreneurial skills and management ability.

(iv) Though it is true that "managerial and entrepreneurial skill is randomly distributed about the population — like the ability to sing and dance", students must show some evidence that they possess such skill. Does the present student selection procedure consider the management potential of selected students in the same manner as it considers their academic qualifications? This is undoubtedly a difficult exercise but I think it should be made a part of the selection criteria. Surely, one would not accept a stone-deaf candidate to a school of music.

(v) Whether the Asean region needs more of the undergraduate or the post-graduate and post-experience types of management education.

(vi) Whether it is feasible to undertake some research to try to measure educational success in objective terms.

(vii) How can we bring about a combination of the practical and academic approaches in order to help managers to become more effective in their jobs?

(viii) How to improve contact between industry and the university.

(ix) What in-company training programmes are available and how to optimize these programmes through collaborative arrangements between the university and the private sector.

(x) What regional co-operative arrangements could be undertaken to minimize cost and maximize output of trained managerial manpower.

(xi) What arrangements can be made to facilitate the interchange of executives within the region to broaden the vision of young managers and to develop an Asean outlook.

To carry out such a study it appears imperative to set up high-powered national committees for each Asean country to formulate a management education strategy. These national committees could be called National Management Education Councils and all institutions associated with management education — independent specialists, universities, professional management associations, Ministries of Labour and Manpower, Ministries of Education — should participate as members of this Council. This appears to be the rational way to formulate a realistic programme which will be of help to meet the increasing demand for trained managers. A representative of each national management education council could form the Asean Management Education Council to examine the possibilities of developing a coordinated programme for the effective utilization of scarce resources such as trained teachers of management, and finance. Also, this Asean Council could examine possibilities of conducting joint research into management education needs again for the same reason. Of course if these Councils are to play an effective role they should be launched with the support of Asean governments.

This study should examine whether universities are in danger of becoming too academic leading to a polarization of management education between higher-status degree programmes, and a profusion of short courses on detailed points of management provided by commercial schools and other institutional bodies on a strictly commercial basis. It is also important to examine whether through this polarization process the experienced manager wishing to extend his knowledge and understanding of management theory and practice would not be squeezed out. Can this gap, which is half-way house between the prestigious and the mundane in management education, be filled by institutions like the Malaysian Institute of Management, Singapore Institute of Management, Thai Management Association and the like? Is it possible to strike some form of balance in order to ensure an increase in quantity without jeopardizing quality?

Another area that could be fruitfully covered by this study-group concerns ways and means which will help to make management education a success. There are some who hold the view that management education in university must develop teaching and financial ties with the business communities because its orientation should not only be academic but also professional. In this respect the Asean countries could learn much from the American experience. The business schools should be torn loose from part of the traditional academic environment and operate somewhat like the Asian Institute of Management. The direct link with and the involvement of the business world is of the greatest importance. The system of tenure and reward for staff should reinforce an atmosphere of connections with the business world. Further, not only movements between university and business circles should be encouraged but consideration must also be given to the extension of this two-way flow to a triangular pattern involving the civil service as well.

NEED FOR TOP MANAGEMENT INVOLVEMENT

Effective utilization of the trained managerial manpower is important if the impact of management education is to be felt. Promising young graduates from the business schools sometimes move into a hostile environment — an environment comprised of senior managers who had had no formal classroom instruction in management education and suffering from "knowledge obsolescence". Many find little opportunity of transferring knowledge acquired in classrooms to the "shop-floor". It appears to be true that until senior management is better trained much of what their subordinates learn in management courses will be wasted. Some suggest that what is required is "better theories of management action". In practice this means more incompany programmes, tailor-made courses devised for a group of senior managers from one company; it means management teachers taking on the role of consultants rather than lecturer and getting managers to participate much more through project work.

ROLE OF BUSINESS IN IMPROVING EFFECTIVENESS OF MANAGEMENT EDUCATION

The impetus to change, especially in post-graduate and post-experience courses, needs to come from both industry and teaching institutions. Industry needs to define more clearly the training needs of its experienced managers. It needs to evaluate more actively the results of what it is already getting. It must be ready to pay very much more for the tailored course. The teaching institutions can accelerate the trend by being more flexible in their own approach to the curriculum.

In the Sloan Fellows Programme of the Sloan School of Business, at the MIT, students are asked to comment at the end of each term on each of their teachers in terms of the content of his course, his presentation and how well prepared he was. More general comments are also invited. These data are meshed together and circulated to the faculty — who are, one presumes, suitably chastened or elated. They are also used as an input into the next year's plans.

INCLUSION OF SOCIAL RESPONSIBILITY WITHIN THE MANAGEMENT EDUCATION CURRICULUM

In the formulation of a management education curriculum one cannot overlook, especially in the case of post-experience course, the need for business to appreciate its social responsibility. A debate has been raging during recent times in many developed countries on this subject. What is the nature of business's social responsibility towards the public at large? How does a business organization willing to fulfil this function set about deciding what it should do and should not do, what it can and cannot do, and how to set its priorities. Advice and instruction could probably be given by the universities in those areas where companies deal directly with society — hiring, training, promotion of handicapped racial groups, effects on natural environment, effects on consumers, charitable donations both of money and employees' time and the like.

REGIONAL COOPERATION

It will be very beneficial for the proposed national management education councils to work in close collaboration with their counterparts in other countries with the view to exchanging information, mounting joint-seminars and courses, and co-ordinating research.

They could also look into the question of the adequacy of the existing teaching institutions and explore possibilities of establishing "Centres of Excellence". To-day, many students are aware of the importance of management education and in actuality there is no lack of willing students. Some of them go to foreign lands at tremendous cost and bring back a foreign management philosophy. A large number of students are deprived of the privilege of having an education in modern management and consequently the countries have not been able to build a growing core of sound, young managers. This region needs a few business schools of the class of the Asian Institute of Management if it is to turn out annually the requisite number of graduates with management degrees. This is one of the areas where regional cooperation can produce rewarding results. We should recognize the qualitative and not merely the quantitative aspect of management education. We must also look into the economics of running such institutions. Instead of every country attempting to establish business schools to teach every facet of business education, it may be useful to consider establishing a "Centre" for financial management in one country. "Centres" for production management, personnel management, marketing management and so on could be established in different countries. This should be one of the major areas where the proposed body should address itself early.

Another area of cooperation lies in the organization of executive exchange programmes. The participants, after a short period of preparation in one of the universities, can be sent to another country participating in the programme. Their role can be a cross between a consultant's, an actual executive's, and a researcher's. An oil man, for instance could work with the top management of a large bank; a steel economist could work with a paper firm on long-term strategy. Such "education through action" programmes benefit those who participate and the associated organizations. This is a useful supplement to conventional management education.

CONCLUSION

Before any priorities can be established and a concerted strategy for the expansion of management education can be worked out, an attempt will have to be made to produce some order and common purpose among the multiplicity of government departments, universities and the respective management institutes responsible for providing and planning management education courses. At present there is no institution vested with the powers to coordinate the whole management studies area. The bulk of the organizational and coordinating work is carried out by well-meaning but ill-qualified amateurs and consequently the administration of Asean's management education programme is in a sorry plight. The time has come to point this out. It was to combat such a situation that I suggested it may be useful to examine the possibilities of entrusting the responsibility for planning and coordinating management education in the Asean region to a Management Education Council. This Council could also look into the question of formulating research programmes, establishing research units and disseminating information.

The business community could be urged to help in the formation of such a council, which as far as possible should be an independent body. The new management education council would also be one way of symbolizing concern for the progress of Asean business. It would certainly do much to straighten cut the confusion in management education, allocation of finance and inject life into research.

After two decades of efforts, most Asean countries are yet showing a disappointing record especially in the field of industrial development. The primary reason for this state of affairs is the paucity of trained people. Measures have been suggested in the preceding paragraphs of the ways and means of improving presently employed industrial manpower and the structuring of the educational process to reach all people willing and able to learn.

CURRICULA IMPLICATIONS IN BUSINESS ADMINISTRATION FOR PRESENT AND FUTURE NEEDS

J. Panglaykim

INTRODUCTION

Business schools should be able to define their objectives clearly. These objectives should reflect the present stage of society's development as well as future changes, challenges and developments. It should also reflect the requirements, wishes and expectations of the "consumers". From the clearly defined objectives, curricula and organizational structure and manpower, we may have an indication of the schools' effectiveness and quality of their graduates.

The clearly defined objectives must be backed up by an adequate curriculum. A curriculum should be seen as the mechanism to carry out the objectives of the school.

Objectives and curricula supported by the right organizational structure will possibly give the leadership of the school an opportunity to staff the school with qualified and high calibre manpower. On its part the leadership should be able to create conditions conductive to enthusiasm, initiative, loyalty and devotion. These qualities do not come overnight, they have to be cultivated.

DO WE KNOW THE REQUIREMENTS AND WISHES OF OUR CONSUMERS?

One of the important questions which "haunt" business schools is: "Do we know the wishes and requirements of the future employers of our graduates, whether they be private sector, the government or other institutions?"

Carkeek in his paper "Business Education in Modern Society" (1969) raises the following questions.

(i) Are there any universal qualities that all executives, middle managers and top managers, should have?

(ii) What special qualities are required in a managing director, a chief accountant, or a permanent head of a department?

(iii) Is each position unique, thus requiring a different set of qualities from any other position?

(iv) How does one measure or even recognize any of these qualities in an applicant for a position?

(v) How can one help a man to overcome some of his present weaknesses and limitations?

(vi) How does one prepare a man or woman for administrative responsibility in the first place?

If one tries to answer all these questions, the answers will be inconclusive. But despite the inconclusiveness of the answers to all these questions, business schools all over Southeast Asia keep growing, generally after the American pattern.

Taking the American pattern as a guide, with the necessary adjustments and adaptations to suit the national environment and conditions, we should probably ask ourselves: Are our schools now producing the right kinds of managers for the present and future needs of business, the government, and of society in general? Do we need specialists, or do we need more generalists? Or do we need specialists in the first instance who are afterwards trained to become generalists? In the past the stress of the colonial administration seems to be on the generalist. It was possible for a lawyer to become a top executive in a manufacturing firm, for a medical doctor to head an economic statutory body. It was even possible for an engineer to work in a planning department and be in charge of detailed economic planning.

OBJECTIVES OF BUSINESS SCHOOLS

Let me try to spell out what I think should be the objectives of business schools. I am aware of the fact that this is based on my subjective opinion and I may also be biased in my definition.

(i) The general objective of business schools is serving the needs of business and society, and training students for useful and renumerative positions at the management level, including the functional fields, like marketing, production, personnel, finance etc. In particular the schools should also inculcate among the students a sense of commitment not only to his future employer and his own ambitions, but also to the development of the country.

(ii) The schools should provide the students with a broad preparation for a lifetime career in management and/or administration.

(iii) The schools should also prepare a student for his specialty on which he can always fall back, but at the same time provide him with the tools which will enable him to move to a higher position later in life.

In other words, the objective of business schools is to concentrate on the fundamentals and to train the students in such a way that they will develop an ability for continued self-education, the capacity to learn for themselves. But in addition to the training of students for these career objectives, business schools must also train a group of people who will not go into business but who will be more attracted and will devote their life to the continuation of business schools and who will devote their time to basic and applied business research which will contribute to the rapid development of society. The complementary objectives are:

(i) The education and training of future lecturers and research workers in all aspects of business administration.

(ii) The accumulation of knowledge and experience through basic and applied research.

(iii) The development of expertise and manpower which will enable the school to perform services for the government, for business and for the community at large.

MAIN STREAMS OF BUSINESS EDUCATION

Business schools in the USA can be divided into the following main streams.

(i) Schools based on the principles of scientific management and organization of business. Their stress is on the rationalization of management, and their focus of attention is on such quantitative aspects as mathematical models, operation research, etc.

(ii) Behaviourist schools which regard business enterprises and undertakings as social organizations which exist, and operate in, and have its relations with, society. They stress the relationship between the participants in an organization.

(iii) Business schools which were influenced by and grew out of, the departments of economics, accountancy, or commerce. These are more concerned with the analysis of data and economic results of business.

At the Conference of Business Schools held in Kuala Lumpur in August 1971, G. Mendoza gave the following classification of business schools in the USA:

(i) **Knowledge-oriented schools**

They are considered as offshoots of the undergraduate BBA programme and focus on the importing of knowledge in terms of functional specialization. UCLA is an example of this stream.

(ii) **Skill and decision-making oriented schools**

For these schools it is not a question of what one knows, but of decision-making. Give the student the basic tools and develop his skill in decision-making. This can be observed at the Harvard Business School. MIT also falls under this category, with an additional stress on quantitative aspects.

(iii) **Operating management oriented schools**

They form a new stream. They take the company as the basis. Vanderbilt University is an example of this kind of school.

The various streams are briefly discussed here. They have an impact on the curricula and methods of teaching used in the Southeast Asian countries. The Asian Institute of Management will be patterned after Harvard. Our schools in Southeast Asia are still too young for classification. They are generally knowledge oriented but the system of case studies used by them may be considered as decision-making oriented.

CURRICULA

As mentioned earlier, a school's curriculum is the mechanism through which the school tries to implement its objectives. It must be noted here that no one curriculum is ideal, and each school has to develop its own curriculum based on its objectives, the strengths and weaknesses of its organizational structure, and the availability of manpower and other environmental constraints.

The general principles to be considered as guidelines in the preparation of a school's curriculum are:

(i) The development of skills in problem solving in a developing, complex and dynamic environment.

(ii) The development of organizational skills which imparts the ability to devise administrative/management arrangements which contribute to effective and efficient decision-making.

(iii) The development of skill in interpersonal relationships, which assists a man to work with others, to lead others and to achieve high efficiency and harmony.

(iv) The development of skill in assessing and understanding the political, social and economic environment in Southeast Asia and the ability to consider these data as part of the firm's strategy and decisions.

(v) The development of skill in communication of oral, written, and statistical information.

Based on these guidelines, I am proposing the following detailed curriculum (see Appendix I).

ORGANIZATIONAL STRUCTURE

The organizational structure or programme must be designed in such a way as to give the school maximum freedom to achieve its objectives, but in practice, university politics and rivalry between departments will have an impact on the organizational structure.

Some of the schools or departments of business administration are part of the Faculty of Economics and in making crucial decisions they may be outvoted and outnumbered by faculty members who are not directly involved in business administration.

It is important to the development of a school or department of business administration that, organization-wise, it be not part of a Faculty or School of Economics. It should be organized as a separate school, faculty or department. This organizational structure will enable it to develop without too many constraints. It is very important that from the very beginning of its formation the school is given enough authority to recruit its own staff with the assistance of older and more experienced teachers. The inbreeding should be avoided as much as possible.

A school of business cannot grow to maturity as long as it lives under the "shadow" of a bigger outfit. It has to be an independent school, faculty or department.

If this principle is adopted and understood by the leadership of the university, it is up to the appointed leadership and staff of the business school to implement its objectives.

STAFF

In general, business administrators of schools in Southeast Asia are faced with the problem of staffing their schools with highly-qualified lecturers. Many of these schools have organized training programmes through which they have associated their schools with established business schools in the United States. The teaching staff of the Business Administration Department of the Faculty of Economics at the University of Indonesia have been trained mainly at the University of California. The Department was established with the assistance of Dutch professors, but as from 1958 it was affiliated with the University of California. Almost all of its lecturers in business administration were trained in the USA. The Department of Business Administration of the University of Singapore, established five years ago, is affiliated with the University of British Columbia, Canada. Practically all the lecturers from the department were trained there. The UBC reflects the pattern of an American University. All textbooks used are from the USA. The Asian Institute of Management of the Philippines is inspired by the Harvard Business School. Many of its teachers were trained at Harvard. The Division of Business Administration at the University of Malaya has trained some of its teachers at the UBC and a number of English universities. It is part of the Faculty of Economics. In other words, the staff of the various schools of business in the Southeast Asian region have been trained in the USA and only a minority at English universities. This cannot but have an impact on the curriculum and the materials used in the training and education of our future administrators. The textbooks used at these schools are practically all from the USA, and so are the textbooks designed for those graduates who are going to work in modern organizations. These books analyze the workings of modern economics, business and marketing structure, and are based on the philosophy of pragmatism and realistic considerations.

SOME OBSERVATIONS

Our graduates, who have through their training, been exposed to the modern world of management and organization and to the workings of modern business administration, will enter their jobs with high expectations. On the one hand they expect to be able to contribute substantially to the success of the company, but on the other they also expect to receive rewards commensurate with their contributions. Although it is a fact that their salaries will generally be higher than those of non-degree holders, these do not necessarily measure up to their expectations. They then become frustrated, dissatisfied, and wonder where they have gone wrong. Where lies the mistake? Are we then training graduates who still cannot be absorbed by the community at large?

Let us now look into the present and future developments in the business structure in the Southeast Asian countries. In the past businessmen were, and at present in many developing nations are still considered as parasites of society. Because of its low status, business attracts only dropouts or people who have decided to sweat it out in business. Although the situation is changing in many developing nations, a managerial position in business has not yet acquired the high status accorded to a position in government. In Indonesia, Malaysia, Thailand, and less probably in Singapore and the Philippines, a government position is considered higher than that of a business executive. Businessmen are generally expected to "serve" the government officials because the latter are in a more powerful position. The consumers of our graduates are the private national sector, the private foreign sector, state-owned corporations and governmental statutory bodies.

The National Private Sector[1]

In Southeast Asia the national private firms are generally small and medium-size organizations. The bigger organizations like the OUB, OCBC, Kwok Brothers in Malaysia; Intraco of Singapore; Pertamina in Indonesia; the Summit of Thailand; the Lopez, Suriano Family in the Philippines; etc. are small in number. Although many of them are now employing university graduates, the majority of these firms are still family controlled. The Kian Gwan Company for instance will only appoint members of the Oei family in its top-management. The number of graduates who could be absorbed by the more modern and bigger organizations is limited. Not only are they limited in terms of number and availability of positions, they are also constrained in their upward mobility because they are not members of the controlling families. Some of the graduates may be employed by medium-size firms, which generally tend to be more family controlled than the bigger ones.

My general observation is that the national private firms in Southeast Asia do not seem to be very attracted to the top graduates of the schools. The pay is small, promotion possibilities are not very great and there are other constraints, such as working under a self-made man. But there is definitely a group of graduates with a greater sense of commitment who are prepared to sweat it out in a national private firm.

Many of the national firms and the majority of firms in the medium-size category are not running their organizations and business undertakings according to the precepts contained in the textbooks we are using.

Private Foreign Firms

These firms are generally part of an international organization, of the multinational corporation type. They are in mining, oil, extractive industries, manufacturing, banking, insurance, etc. They may come in as wholly-owned subsidiaries or as joint ventures, or may establish representative offices.

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[1] For more details see Appendix II.

Many of these companies are now operating in a big way in the Southeast Asian region. They are the companies which will be able to give more job opportunities and job satisfaction to the graduates who are after pecuniary rewards. Having a higher social status, these multinational corporations attract the top echelon of our graduates. These firms can provide more facilities as well as training, and with them chances for advancement are greater although in many cases the top jobs will remain in the hands of the men from headquarters. What the graduates have learnt at our business schools will be more relevant when they are employed by multinational corporations, because these enterprises are among the economic organizations to which they have been exposed in their textbooks. Such concepts as segmentation of markets, marketing mix, etc. will be applied by these companies as part of their daily operations.

State-owned Companies, Government Agencies, etc.

There was a time when many graduates were inclined to join state-owned companies or government agencies because of their status in society as well as the power attached to a position in such bodies. In Singapore the graduates probably have a more realistic attitude and their priorities relating to working for government agencies and state-owned organizations seem to be different from those of their counterparts in the other Southeast Asian countries. These organizations are generally bigger than private owned firms and in joining them university graduates may be in a better position to achieve advancement. But as is the case with any government-owned or government-controlled body, such organizations are bound by rules and regulations which may prevent the graduates from practising the daring entrepreneurship inculcated by foreign textbooks.

My impression is that, due to factors such as the impact of our present curricula, which have generally been patterned after those of the American business schools; strengthened by the influence exerted by staff members who were trained abroad and thus used to, and "indoctrinated" by, foreign textbooks; and through the many affiliations and the donations made by foreign foundations; etc. we have trained overqualified people in relation to the stage of development of our national business structure and our government and state-owned enterprises. However, we must note here that our graduates will have the advantage of a better formal education when they join the bigger national firms. The problem for them is how to cooperate with the other, less trained, people. Foreign companies are generally in a better position to accommodate our graduates, because they are part of the institutional structure on which the textbooks are based.

With this gap in mind it is the responsibility of our business schools to embark on a systematic basic and applied research into our business society and the environment in which it has to operate. In my opinion the principles used in setting up our curricula and the organizational structure to back them up are sound. But a more vital aspect is that it is now time for us to make a concerted effort towards more basic as well as applied research into the Southeast Asian business environment and its role in their respective national economies, the Asean region and international business.

One important kind of basic research is that relating to theories of organization and principles of management. Are these theories and principles as set forth in various foreign textbooks, applicable to the Southeast Asian business environment? Are the difference among them basic in nature or are they but minor ones?

Another objective for research is to find ways to speed up the penetration of professional managers into the various family-owned businesses. And again, how can we speed up mergers so as to establish bigger and more modern organizations?

The development of a money and capital market is one of the most effective mechanisms to initiate a rationalization process among the inefficient family organizations and the medium-size enterprises. While the world trend is toward the creation of bigger and more efficient organizations, the region is still at the level of medium-size organizations. Will the region not be pushed back to a position of being mere middlemen for the giants?

In other words, I am stressing the point that business schools should not merely focus their attention on the setting up of excellent curricula on paper, but that they should also seriously consider the contents and the suitability of these curricula to our society not only in terms of textbooks (which eventually have to be written by ourselves), but also in terms of their relevancy to the stage of development of the region ,taking into account its future growth. We have to train graduates who can cope with the challenges that lie ahead.

My suggestion is that the various business schools should set up a separate business research centre with its own staff which will be in charge of basic as well as applied research in all aspects of business administration, including the writing of textbooks and case studies.

Even if the various schools in the region cannot afford this luxury, it should be possible for them to get together and discuss the possibility of setting up at least a Regional Business Research Centre with the same assignments. I am of the opinion that the RIHED will be the most suitable organization through which this suggestion could be discussed with various schools. It is also my opinion that the contents of the present curricula, even if backed by a proper organizational structure and a well trained staff, will not serve society according to expectation. It is therefore vital to the business schools in the region that they give top priority to the establishment of a Business Research Centre. In this connection the most important thing is not the establishment of the centre, but its devotion in carrying out its assignments. Combined and coordinated effort, or even a centre initiated by RIHED may be the solution. Applied and basic research in business administration is vital because, if successfully carried out, it will assist our top decision-makers in formulating national policies.

Applied and basic research will also contribute to an increase of the region's esteem for the business executive so that gradually this group will move up to a position of leadership in national development. Once a higher status in society has been accorded to the business executive, the cream of the student population will be induced to study business administration to later join the bigger more efficient and modern national organizations. I suggest that RIHED appoint a small team to work out this proposal in more detail for the purpose of preparing a feasible programme.

SUMMARY

In summary, it can be stated that the present curricula, organizational structure and staffing of the business schools in Southeast Asia seem to have resulted in the production of overqualified graduates in relation to the needs of the national private firms, the state-owned enterprises and government statutory bodies. The university graduates generally fit in better when employed by multinational corporations. Our curricula and the impact of training abroad have imposed on the business schools a pattern reflecting the various streams of business schools in the USA.

Taking into account the present stage of development of the business and economic structures of the developing countries in Southeast Asia we need business schools with a different stress.

First of all we must assess the stage of development of our business and economic structures and the sophistication of our administrative apparatus. Such an assessment is needed to enable us to gauge the trend of developments in the next decade. Because no such assessment has been made in a systematic way, I therefore suggest that it is the responsibility of the business schools to give special attention to basic as well as applied research. The schools should give top priority to these aspects of research, because otherwise our teaching will continue to be based on curricula which will result in graduates who cannot be accommodated by our community. Should the schools be, not in a position to establish such a Centre, RIHED could initiate one on a regional basis.

It is of the utmost importance that the business schools, in addition to the teaching staff, employ a group of researchers with the purpose of developing a system which will fit in to the present demand structure for graduates and meet future needs.

Another important impact of our graduates on society is that their increasing numbers will become a force towards the employment of more and more professional managers.

The organizations which will employ our graduates as professional managers are those seeking mergers and making acquisitions. However, since mergers and acquisitions have as their objective the creation of more efficient and effective modern organizations, a developed capital and money market is a pre-requisite.

APPENDIX I

GENERAL EDUCATION

1. **Humanities**: Language, Literature, Elective in the Humanities
2. **Natural Sciences**: Mathematics, Natural Science
3. **Behavioural/Social Sciences**: Behavioural Science, Economics
4. **Other Social Sciences**: Comparative Political Systems and Development in Southeast Asia, etc

CORE UNDERGRADUATE COURSES

1. **Theories of Organization**, including Principles and Practices of Management
2. **Functional Management and Environment**

   Finance, Marketing (including Introduction to International Marketing and Business), Industrial Relations (including Personnel), Human Relations, Production or Operation Management, Production, Banking
3. **Information System**

   Managerial Accounting, Statistical Analysis, Introduction to Computer Systems
4. **Aspects of Business Environment**:
   Law, Politics, Sociology etc
5. **Overall View**

   Business Policy

GRADUATE LEVEL

Graduates may major in the following areas

1. Personnel
2. Marketing (in particular, International Marketing)
3. Finance (including Banking, Insurance)
4. Production
5. Research
6. Other subjects depending upon the availability of teachers

APPENDIX II

NOTES ON THE STRATEGY FOR THE DEVELOPMENT OF MANAGERS IN THE PRIVATE SECTOR

In formulating and implementing its strategy, a company has to take into account three major factors. They are: (i) The environmental aspects; (ii) The company's resources — its comparative strengths and limitations; and (iii) the availability and the personal values of key managers.

What do we mean by strategy? Strategy, as Learned and others have put it, is a "... pattern of objective, purpose, or goals and major policies and plans for achieving these goals, stated in such a way as to define what business the company is or is to be and the kind of company it is or is to be".[1]

Chandler defines strategy as the "determination of the basic long-term goals and objectives of an enterprise, and the adaptation of courses of action and the allocation of resources necessary for carrying out these goals".[2]

A firm strategy consists of two important components: (i) formulation, and (ii) implementation.

The top men in charge of formulating the company's strategy must be able to assess the opportunities and to identify them. In identifying the corporate opportunities it has to assess the three major factors mentioned earlier. The availability and the personal values of key managers will be crucial for the implementation of the strategy formulated by the top executives.

In assessing the environmental conditions and trends the corporate top executives have to look into the historical, economic, political, technological, socio-cultural and administrative aspects.

The historical setting is important to the understanding of the various economic problems encountered by former colonies. It is also crucial to the understanding of many other problems facing newly-independent countries, such as the *pariah* entrepreneur; the various ethnic groups operating side by side; the traditional trade between former colony and "mother country"; the lack of trade among the developing nations; the dominancy of foreign enterprises or ethnic groups; etc.

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[1] Edmund P. Learned and others, **Business Policy**, R.D. Frocin, 1969.

[2] Alfred D. Chandler, **Strategy and Structure**, MIT Press, 1962.

In the economic sector the company must have an intimate knowledge of the stage of economic development, the realization of the adopted economic system, the competitive position of the numerous interested parties in the economy (including the government, private entrepreneurs — local and foreign) and the financial and marketing institutions.

The political setting is crucial for any company. What are the views of the political elite with regard to business (national and foreign)? In some countries the problem of protection of an economically weak group may affect the company. In other countries such a type of subsidy cannot be accepted by the politicians or the ruling elite. This group of countries base their economy on the free operation of market forces. They allow the marginal and the inefficient firms to be weeded out by the market forces. In still other countries government intervention in various forms is accepted.

As part of the political setting in some countries problems involving foreign and local entrepreneurs (government and private) may become sensitive political issues.

The socio-cultural values bring us to the structure of society, with its beliefs and value judgments. In formerly prodominant feudal societies, where business was not considered as an honourable profession, problems of creating a new breed of entrepreneurs may result in the creation of an atomistic business structure, or lead to the problem of the *pariah* entrepreneur. Since a class of national entrepreneurs has to be created, the society may force the government to follow policies aimed at protecting the new class of entrepreneurs. The traditional class of entrepreneurs, such as the Chinese, who in the past had no other choice but to stay in business, may be considered as *pariah* entrepreneurs. In other societies this problem just do not exist because of historical factors and different value judgments.

The administrative system — depending on geographical structure (location) and historical development — may be centralized or decentralized. The availability of able and honest administrators is another important aspect. The process of centralized decision-making by an overburdened group of able administrators may be found to be a serious obstacle for any company operating in that particular administrative setting. The situation will be worse if the bureaucracy is corrupt or incapable of coping with complex problems.

The environmental aspects will give the company the ingredients to assess and to identify opportunities. For example, a veneer and timber company operating in Singapore may have identified and assessed the opportunities for continued supply of logs from Malaysia and Indonesia. But after having identified the necessity of having a continuous supply of vital raw material, they still have to decide what type of working arrangements will be the best to achieve their objectives.

This brings us to the next point, the assessment of the company's resources, its strengths and constraints (limitations).

The company has to look into the philosophy of management control of their own top management. After assessing their attitude to management control the company has to look into their other resources in the fields of marketing (products, relative strength of the distribution network); production (their cost competitiveness, location, conditions, etc.); finance (their current financial position, their access to the financial market, etc.); research and development (talents, ideas, etc.).

I am of the opinion that the most crucial factor in the company's strength and limitations will be their philosophy with regard to management control.

In order to gain an insight into the Singapore business structure let us take advantage of an article written by Dr. Lim Chong Yah.[3]

The following Table from the above article gives us a survey of the types of industrial organization in Singapore.

Type of industrial firms (1968)	**Number**	**Percentage Composition**
Private Limited Company	601	37.0
Partnership	541	33.3
Sole Proprietorship	442	27.1
Public Limited Company	42	2.6
Total	1,626	100.0

The business structure in Singapore is still predominantly the so-called "family and close friends" type.

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[3] "Changes in Organization and Management in the Industrial Sector of Singapore", **Malayan Management Review**, Vol. 5 No. 2 (August 1970)

Partnership among close friends and sole family proprietorship dominate the business structure, and account for 60.4 per cent. of the industrial firms. If we take into account that a number of private limited companies are controlled by family concerns, or as Dr. Lim puts it, by relatives, close friends, members of the Hokkien, Teochew clans, etc., we may say that business in Singapore is still dominated by family concerns. A possible traditional form is the private limited company. But even here the partners are selected from among close friends or from the same clan.

The public limited company accounts for only 2.6 per cent. of the industrial firms. This includes a percentage of foreign participation. These companies may be called joint ventures between local and foreign capital. With the participation of foreign capital the chances that they will go public are increased. The policy of many multinational corporations is to tap local financial resources.

Judging from the present business structure, one could arrive at the tentative conclusion that the philosophy of the majority of top managers of Singapore companies is to keep management control in their own hands.

The consequence of this philosophy is that they are limited in the mobilization of their resources. In tapping financial resources they are confined to their internal sources, for example, of friends and perhaps of local banks, but they include the floating of capital in the local market where the bulk of finance seems to be. In terms of recruiting their key personnel (manpower) they might be confined to their relatives, close friends, clan members or persons recommended by friends. Graduates from universities seem to prefer working for foreign companies, modern organizations or the government. There may be even instances of sons and daughters of owners of family concerns who prefer to work for foreign companies, especially when they have studied abroad. This trend and the type of prospective managers tend to reinforce the continuation of the present business structure. The less educated will join the more traditional or traditional type of companies, while the better educated seem to be more attracted to the bigger and modern organizations (the government, foreign organizations big local companies and educational institutions).

In summary, the company resources are limited because of the philosophy of those in control of the companies, which predominantly organize their units along traditional or neo-traditional lines.

This brings us to the problem of what the strategy should be in developing managers in the private sector.

At present the source of prospective managers are the graduates of the various educational institutions (in Singapore and abroad). The supply of uneducated migrants from other countries is a thing of the past. The main supply, therefore, will have to come from these institutions.

Of the total supply of prospective lower, middle and top-level managers, only a small percentage will be able to continue their education towards higher degrees. The development of institutions of higher learning in business administration in Singapore can be considered as being in its developing stage. These institutions have managed to send their instructors abroad for further training while at the same time inviting foreign scholars to participate in the training of prospective managers.

In the long run the training of prospective managers alone will not be sufficient. Society itself should also cooperate in creating more opportunities for these highly-educated personnel. The initiative in creating bigger national organizations should come from the forces in society. As indicated earlier many of the bright new breed of managers prefer to join larger firms and these large firms are generally owned by multinational corporations (with the exception of organizations like the Intraco, OCBC, etc.).

While the international trend is toward mergers into bigger conglomerates, the Singapore business structure seems to be very slow in responding to this trend. The experience in other countries reminds us that unless bigger organizations take over the leadership in economic development, the leadership will be taken over by the government (because of lack of initiative in the private sector toward bigger organizations) or by multinational corporations. The leadership tends to be reinforced by the new breed of graduates who prefer a bigger scope of operation to being associated with the medium-size or smaller traditional enterprises. This could mean that the elite or graduates will be lost to the national private sector, if society and the private sector do not respond to the challenge of the 'seventies i.e. the formation of bigger and more modern organizations.

I am therefore of the opinion not only that the strategy in developing managers should be decided at the company or educational level, but that it is crucial that the business and industrial community respond to the challenge of the 'seventies. Getting employed alone is not sufficient The new breed of managers need a bigger scope of activity.

ENVIRONMENTAL FACTORS AFFECTING THE MANAGEMENT EDUCATION PROCESS

Sriprinya Ramakomud

It is felt more and more among those interested in the field of development administration that while over the past few decades many management education institutions have been established in various developing nations, the modernization of the administrative process in these countries has been very disappointing.[1] To many persons, this phenomenon could be viewed as a major failure of these institutions. It is, however, the contention of the author of this paper that there are many factors besides management education that affect the speed of development of modern management practices in these countries. Given the best management education, some political, social and personal barriers have to be overcome. Academicians often talk about producing the change agent.[2] They often overlook, however, those factors that might induce motivation for change — or conversely resistance to change. This paper is not intended as an unqualified defense of management education institutions. These institutions certainly do have the potential to create serious set-backs in the process of management skill development. Inappropriate curricula and teaching methods, and poor selection of persons to be trained, could lead to modern management techniques not being imparted effectively, and thus damage the image of modern management and the so-called change agent. This paper will first discuss analytically the nature of the environment as it affects the administrative process in developing countries and later, the role of management education institutions. The latter cannot be considered objectively until the former has been understood.

Since the end of World War II, the desire for development as well as nationalism has spread throughout the developing world. Responsibility for development has been thrust upon governments of these nations. Government activities have expanded manifold. Shortages of administrative skills have been felt in all quarters. Management education seems therefore to be a logical solution to the problem.

What has probably been overlooked by the designers and observers managerial development activities is that management is not well defined and accepted as a profession. Unlike professionals in the technical disciplines such as chemists, doctors, engineers, architects, and lawyers, the performance of professional managers is very difficult to evaluate precisely. These former professions are therefore formally recognized by the public, and the positions filled are governed by government regulations and by law to ensure that only those who are formally trained in these well-defined professions may do so. No such regulations exist in the area of management. Administrative jobs are filled by lawyers, doctors, scientists, engineers and other technically trained professionals. This is not to say that all of these persons are poor administrators. On the contrary, some of them are very able managers. This fact, however, serves only to strengthen the belief that management education is not really necessary. To be sure, many of the persons mentioned above probably have some kinds of in-service training in management. Much of such training, however, emphasize the technicalities of the job rather than aim at providing managerial skills. Some form of effective management training for those already in administrative positions is a critical problem for management educators. This problem will be discussed later.

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[1] Hans C. Blaise, "Developing Management Competence", **Report of the Workshop on Management Education in Southeast Asia,** Singapore, Regional Institute of Higher Education and Development, March 1972.

[2] "Change agent" is here defined as a person who has been trained to accomplish change within the structure of a traditional bureaucratic institution.

Let us look at those who have been through academic programmes of management, those who could be called trained administrators. Are they not sufficiently trained to function as change agents who could bring about, in due time, an administrative reform so much needed for accelerating the development pace? Why have we not seen definite signs of their achievements? One reason could be that there is something wrong with the training process, e.g. curricular and teaching methods. In other works, they are not trained in the way they should be trained. Another reason could be that they are not sufficiently well placed in the administrative structure to effect impressive improvements.

To discuss the latter point first, let us investigate how a graduate of an academic management education programme would be brought into an administrative organ of a development project. While the development process requires a long-term, continuous, increase in personnel necessary to perform the administrative functions, the demand for such manpower in the short run is quite variable. The expansion of government activities in a particular period depends very much on budgetary constraints which are often determined by economic conditions as well as government policies at that time. The latter policies, in developing nations, often change in reaction to changes in the political atmosphere. Such changes are quite difficult to foresee. As a result, the supply of manpower in the management area is usually four to five years out of phase with the demand: one to two years before the pressure of demand can be felt, and two to three years before management education institutions can turn out graduates. By the time the supply catches up with the demand, the down-swing of demand comes, leaving managerial manpower in over-supply. Although this mismatch between the demand and supply can be viewed as a short-term phenomenon, the damage can be quite serious. For example, many administrative positions which have been created during the time of expansion of government activities may not be able to be filled by appropriately-trained personnel, with the result that untrained or unsuitably-trained persons are taken into administrative positions. With the policy of life employment in government service that exists in many developing countries those persons could constitute permanent obstacles to the process of administrative reform. On the other hand, during the time of low activities, many graduates of management are unable to find jobs for which they have been trained. This situation frustrates both management educators and their products. These graduates are forced by events to take other jobs where initiative and creativity are little required. As time goes on, the spirit of the potential change agent is stultified by the atmosphere of the old system.

Of course the situation described above should not be applied to all graduates of academic management education programmes. There will be some who will be placed in positions where they can introduce changes into the system. If groomed, they should be able to bring about modernization within a reasonable time. Of course, this will be the case only when changes are supported and accepted by leaders of an organization. However, such a situation do not exist in all cases. Few organizations would accept changes purely for the sake of changing. In most cases, changes come only when forces are present to motivate them. Here is where government operations differ significantly from business firms. Business organizations are more readily susceptible to changes than government organizations. This does not necessarily mean that business executives are by nature more modern minded than government officials, and differences may be due to the differences in the environment in which the two types of managers operate. Modernization of operation directly affects profitability which in most cases is the major criterion by which the business organization's performance is measured. The most important factor is probably the need for survival. With economic expansion and increasing size of markets, competition among business firms becomes keener. The monopolistic power enjoyed by firms in many areas of business activities in the pre-development era is declining. Without modernization, business firms are less likely to survive. Of course, the pace of modernization in business activities in different countries or areas will not be the same. We can still find business organizations, especially large family firms, controlling major portions of business activity. Such firms select their executives in terms of loyalty rather than efficiency. The need for change will be hardly felt in these organizations until the monopolistic character of their business is destroyed by competitive forces and the survival of the family firm becomes a serious problem.

The survival problem presents itself differently in government organizations. Unlike business organizations where environmental — mostly economic — forces constantly threaten the organizations' survival (and thus the executives' personal survival), in the absence of competitive market forces, inefficiency hardly affects the existence of government establishments. The threat to personal survival felt by government executives therefore derives from other sources — mostly of a political nature— within and outside the organization. Under these circumstances, in recruiting young executives, loyalty is likely to be given more weight than efficiency. Graduates of management education, unless they have other "desirable" qualifications, may stand less of a chance to be selected. In addition, to the "old-timers", modernization could imply the loss of power and position. Change agents, as well as ideas for change, could be looked upon as threats to an established, acceptable way of life. Thus, the need for survival among established government officials adds great strength to the resistance to change.

Lacking the pressure of competitive markets, motivating forces for administrative modernization probably have to come from one or both, of two sources. First, the need for modernization is felt at the top echelon of the government hierarchy and directions for reform flow to organizations down the line. The realization, in many cases, comes at the time when national security is at stake. In a sense, it is similar to the case of business organizations where threats from outside the organization induce changes. The differences are the scale and nature of the threat. Because the scale is so large and the nature is socio-political in the case of government, the seriousness of the threat is not readily guaged as in the case of business. In a few cases, not until the threat becomes very serious — sometimes, in the form of armed conflicts within or between nations — is such need for reform is realized. This is probably a main reason why the administrative modernization process in a government system is so slow.

The second source from which modernizing changes could be generated is an internal one, i.e. from members of the organization. Members may be classified into four groups: (i) those who realize mainly by themselves the need for changes; (ii) those who are indifferent — and for that matter, may be viewed as passively resistant — to the modernization process; (iii) those who actively resist changes, probably because they see changes as threats to their security, and (iv) those produced by the management education institution, hopeful of becoming agents of change, who have been taken into the government administrative system.

Changes would occur if the first group forms the majority of government personnel. If the modernization process is slow, the implication is that either there are very few members of this category, or that if they are present in great numbers, they do not possess the tools and techniques of modernization. If the last is the case, the task facing management education institutions, if properly conducted through in-service training, should be easier to accomplish.

Management training could soften somewhat the anti-change attitude of the second and third groups. Together with coercion from the top, it could produce some result. To gain initial acceptance of training programmes from these persons, especially the third group, is likely to be a great problem. Research may be needed to locate the area in which training could be effective. Ingenuity of trainers is essential in order to get initial acceptance, and then the ground-work can be laid for further development.

The fourth group are the so-called change agents. It is to this group that many of those interested in management education, particularly academicians, look to as the really effective sources of change. However, there are a few essential factors affecting their ability to cause change. First is the question of whether the quality of their training will enable them to apply modern techniques to solve problems of inefficiency. This is directly related to the nature (e.g. curricular, teaching methods etc.) of the training programme. Second is the question of their willingness to carry out their mission. These change agents have been brought up in the environment they seek to change. Not only must they have good tools and techniques, they must also change their own, previously-acquired attitudes. Management education can take care of the tools and techniques. How effective it can be in changing personal attitudes is hard to assess. Finally, assuming suitable training and a proper attitude, the success of a change agent still requires tact and persistence. There are, unfortunately, a number of trained change agents who are well equipped with ideas and techniques but who blatantly display their sense of superiority to the "old timers". They crash against those above, around or below them in an effort to get things done as they wish. They often seek authority, or support from authority, which seldom comes because of their insensitivity to the needs and desires of their fellow workers. As a result, either they eventually satisfy themselves by becoming "one of them", or they feel so frustrated that they leave the organization. In some extreme cases, they may become agitators for the sake of agitation. The outcome of such activity is sure to be very far from what they initially desired. The quality that is lacking here is the "missionary" attribute, the willingness to risk personal and professional rebuffs and yet to keep trying persistently and calmly. At the initial stage of modernization, this quality is absolutely essential for change agents, if they are going to be effective. I do not intend to assert that all the necessary conditions for change have to exist before changes can take place. The degree of effectiveness of a change agent, however, depends largely on how well he exercises his good qualities.

Thus far we have looked at the general questions of the environment in which management education is to play its role in developing management capability. Let us now concern ourselves with the problem of how the management education institution can fulfil its functions.

Given the environmental situation discussed above, where the majority of administrative positions are filled with untrained personnel in management, it is quite obvious that management education institutions should pay considerable attention to the in-service type of training programme. They should direct their efforts at those who are already in the administrative positions. The institutions should actively seek out such people instead of waiting for the users to come to them. They should also try to discover those areas where training will be most effective in quickening the modernization process. In many instances, the educational institutions will have to develop their selling ability in seeking acceptance on the part of the users. Support from high authorities should be sought to establish management training as a prerequisite for administrative jobs. This strategy is not meant to undermine the academic (e.g. the degree) programme in management. Rather, the increase in efficiency expected from such in-service training should reduce the tensions and promote cooperation between the previously untrained administrators and the graduates of the academic programme. Such training should help pave the way for the well-trained to utilize their expertise more effectively. Aspects of management tools and techniques to be emphasized in these in-service training should not be the same in all cases. It is a responsibility of the management education institutions to locate specific needs in each case. Moreover, it must be realized that training is not an end in itself. It has a specific mission to accomplish, namely the improvement of administrative performances. Training can be completely non-productive in the eyes of sceptical practitioners, unless it proves itself with concrete results. The proof of results is also a responsibility of the educational institutions.

One of the main responsibilities of the management institutions is the development of good, i.e. effective, management education in the form of in-service or academic programme. It has often been said that many of the management techniques developed in the Western world cannot be applied to Asian countries. This statement implies the existence of a body of Asian management techniques. The author disagrees with this contention. Obviously, there will be some management techniques that work well in the Western world but which will not work well in Asian countries. There are some techniques, however, that may work well in Thailand and Singapore but are not effective in India. There are many more factors than merely geographical boundaries arbitrarily drawn, that have an impact on the effectiveness of a particular management technique. In the author's opinion, the alleged failure of management education has little to do with the selection of management techniques to be taught.

If management education has failed, the cause lies chiefly in the method of teaching. A serious mistake sometimes made by management education institutions is to use a "cook-book" approach, in which a certain management practice is prescribed as the "modern" way to do things. In this sense, the approach does not much differ from the traditional way of management; it only has the disadvantage of being misleading. The effective way is rather the analytical approach concentrating on the development of reasoning and analytical skills. This approach deals mainly with the questions of why and why not particular techniques work. In essence, management education should have three main objectives: to provide analytical tools and techniques; to strengthen a student's ability to use the tools and techniques; and to develop creativity in the application of such abilities to problem-solving in the real world. One may also add as a responsibility of the management education institution, the inculcation of appropriate qualities for the change agent, e.g., willingness to take risks, ability to work with others, patience but persistence in getting things done.

In summary, the effectiveness of management education in modernizing the administrative process in developing countries in partly limited by environmental factors. Desire for modernization often comes because of forces, external to the organization, threatening the organization's survival. In the case of business operations, such threats, resulting from competition, are clearly seen. In the government sphere, however, the threats are diffused and their seriousness is hard to assess. The urgency for modernization is therefore less likely to be realized, and thus the speed of modernization is relatively slow. The need for survival felt in government operations is more of a personal than organizational one. Loyalty, instead of efficiency, is given highest priority in personnel recruiting. Because of fluctuations in government activities, graduates from formal management education programmes have less chance to be taken into the administrative organizations; forces to generate changes from within are therefore weak. The role of the management education institution is to seek out the areas where its work can be most effective in speeding the modernization process. In-service types of training for strategic personnel in the administrative structure should secure a bridgehead for further rapid development. It is the responsibility of the management education institution to sell actively, and gain acceptance of, its services. To develop appropriate and effective programmes — both in-service and academic ones — is the main responsibility of the institution. The problems lie not so much in what management tools and techniques are taught, but rather in the methods of teaching. Instead of using the "cook-book" approach which only serves to retard the modernization process, management educators should aim to develop analytical ability and skill, and the willingness to apply such ability in a real situation. Attitude and tact appropriate to carrying on effectively the mission of the change agent should also be given attention. Instead of searching for the best management education programme the management educator should realize that we live in a very dynamic world. Development of management skills requires, on the part of the management educator, no less ingenuity and creativity than that required from his counterparts in other areas of development efforts.

DISCUSSION

Chairman:

Lim — The five papers for this session have now been presented. I would like to draw your attention to the topic for discussion and mention that the key words are not only "curricula implications" but also "present and future needs." We will now open the discussion.

Chin — The five papers presented take different approaches but that by Dr. Panglaykim perhaps gives the widest coverage to the topic under discussion. On the basis primarily of Dr. Panglaykim's paper the following points can be taken as useful issues for comment:

Need for Adapting Imported Business School Models

Dr. Panglaykim identified three models but several more can perhaps be included, e.g.

(i) the functional approach: functional specialization aimed at knowledge acquisition, e.g. UCLA;

(ii) the interdisciplinary approach: how economics, sociology, etc. can be gainfully employed for a business programme, e.g. Chicago;

(iii) the skill-oriented approach: emphasis on decision-making skills developed through case discussions, e.g. Harvard;

(iv) the quantification approach: takes the position that variables for business operatives can be quantified and hence problems solved on the basis of models, e.g. MIT;

(v) the development-oriented approach: focus on entrepreneurs in starting a concern and not just on an on-going business, e.g. Vanderbilt.

Schools in Southeast Asia seem to be patterned on one of the above, but the problems in Southeast Asia are different and hence there is a need for developing a curriculum based on local requirements.

Need for Determining Management Needs

Dr. Panglaykim mentions the setting up of a Business Research Centre; a good suggestion but even without substantive research a number of directions seem apparent, e.g. more focus on entrepreneurship, small and medium-size businesses, problem-solving rather than just decision-making skills.

Generalists vs. Specialists

Dr. Kanapathy advocates specialization with "centres of excellence". But what is required for Southeast Asia at the present stage of development is a generalist who is able to fit into any organization. As it is, the usual "functional" approach to management education is inappropriate in that in the business world decisions are taken in terms of the totality of the problem at one time and not in terms of marketing, finance, production, and personnel as isolated compartments. There may be a need to devise a curriculum which is more "integrative" with a focus on decisions taken with respect to the problem from all perspectives.

Management of Public Enterprises

Dr. Panglaykim predicts the growing importance of public enterprises. Traditionally management education has been conceived in terms of a dichotomy between business and public administration without programmes specially designed for the specific area of public enterprises. Perhaps there is a need to give more attention to this area.

Laya

The curricula aspects of management education have been adequately covered in the five papers presented and in the preceding comments made by Dr. Chin. Both problems and possibilities have been covered and I wish to make only five points.

The Relationship between Public and Private Administration

It has been adequately demonstrated both in today's and yesterday's discussions that the managerial skills requirements for both public and private sectors have a great deal in common, despite obvious differences in objectives, in the scope of operation, and in the complexity of decision matters and day-to-day activities. The basic management functions of planning, organizing, controlling, staffing, directing and motivating are as pertinent in governments and government enterprises as they are in private industry.

This would indicate the possibility of greater coordination among schools of business and public administration. Perhaps courses could be developed and offered in common for business and public administration students. Some logical areas might be organizational behaviour, economic analysis, management accounting and control, quantitative analysis, and management information systems. Such common courses would result not only in economies in the schools concerned, but more importantly, in a greater mutual understanding of the viewpoint and of decision-making factors in the public and private sectors.

Cooperative Undertakings among Schools of Administration for added Sectoral Emphasis

In one experiment which we have been trying at the University of the Philippines, the initial results have exceeded initial expectations. I am referring to joint offerings between the College of Business Administration, the College of Agriculture (leading to graduate and undergraduate degrees in Agribusiness Management), the School of Economics (leading to an undergraduate degree in business Economics), and the Philippine Normal College, another government school, in a cooperative programme whereby materials are developed for teaching a degree course in educational administration. Private business management techniques have been found to be very applicable indeed to agricultural and educational operations, both in the public and private sectors, and to economic analysis for business and government policy matters. This type of cooperative undertaking is, incidentally, a strength which is possessed by a management school situated in a university. Through such a situation, the school has a much greater capability to draw upon and interact with the other disciplines in the University including agriculture, economics, engineering, mathematics, behavioural sciences, as well as the general facilities of the university in terms of library and computer facilities.

The Need for a Decision-Making Approach

A curriculum which is good on paper may have disappointing results if taught in an inadequate manner. The case method of instruction has been highly developed in business schools in a conscious attempt to train students in decision-making. It has been noted that decision-making is a fine art which requires the ability to identify the problems, to sift the essential from the non-essential information, to analyze the data within a logical framework of analysis, and finally, to make up one's mind in a timely and decisive fashion.

The graduate business student in a school which uses the case method, such as the University of the Philippines, is exposed to hundreds of actual business situations in a range of industries, managerial levels and functions in the form of cases, in each of which he is in effect required to go through the decision-making process. Perhaps a purposeful use of case studies in management training would help solve an apparent decision-making problem which exists in the public sector, mentioned in previous discussions at this workshop, and in the private sector as well.

I believe that an exchange of decision-oriented case studies between public and business administration schools would help develop a mutuality of understanding among government and business managers and thus enrich the curricula of both programmes.

Management Education in Developing Countries

A very important issue which has been raised is the suitability of Western management curricula to Southeast Asia. Each university will have to consider this problem by itself. To cite an example, we have been concerned with this problem at the University of the Philippines and in consultation with private industry, we have come to the conclusion that for a business management curriculum to be fully relevant to Philippine needs, the balance of emphasis will have to be established in the context of a number of characteristic environmental factors, including (i) the importance of agricultural-related business enterprises, (ii) the existence of small and family-owned enterprises, and (iii) the Philippine way of thinking and response to organizational and external stimuli. We have also purposely addressed attention to the role of business in economic development, with particular emphasis on entrepreneurship as a factor in the growth of business activity.

This thinking has led to certain conclusions with respect to degree course offerings, such as the Masters' degree programme in Agribusiness Management which I have already mentioned. It has also indicated areas of research and development of teaching materials, faculty training programmes, and even admission policies. This type of evaluation of needs and formulation of response, it is submitted, will increase the effectiveness of the response of universities to national development needs.

Faculty Development and Retention

The implementation of a curriculum requires properly trained faculty members. This inevitably poses a problem because of (i) the relatively limited facilities in the region for faculty development and the expense of faculty training in the recognized centres of management development in the United States and Europe, and (ii) the difficulty of retaining trained faculty members within academy.

In the solution of these problems, there seems to be a need for a high-grade faculty development programme, perhaps in the form of a Ph.D. in business management, to provide the needed facility for regional faculty development. There is at the same time a need for individual universities to recognize the higher opportunity cost of teachers in business and public administration and in certain other professional fields, and in consequence seek ways and means to reduce any compensation gap.

Hahn Talking about managerial curricula, I am very much impressed by the experiment in management curricula development undertaken by the College of Business Administration of the University of the Philippines, especially with regard to their sectoral management programmes. I would like to take this approach a step further into a "Selective Strategic Sector Approach" which could combine research, training and consultation. The choice of a sector will have to depend upon a country's need and the schools' capability. It could be in the area of agribusiness or in basic infrastructure services, such as transportation, communication or electricity. This approach could help facilitate the integration of public and business management into one complex system of administration. Experiments at the Indian Institute of Management in Ahmedabad have shown good results. This approach is an alternative to Dr. Kanapathy's suggestion to develop "centres of excellence", each with a functional specialization.

The other point which I would like to mention concerns small-scale or family-owned businesses. So far, management education in this region has been focused on the management of large corporations with the result that small-scale, indigenous enterprises have been mostly neglected. How can we tackle this neglected area in our management training programme? Research and training in this area could contribute significantly towards the long-term development of a country.

Long

I will take the Chairman's suggestion and consider management curricula for both present and future needs. As far as the present is concerned, we need to consider two problems. First, how do we produce local teaching materials? Most of the textbooks on management are imported from the west. In Vietnam, for instance, we do not have a single book on marketing written locally. The second problem concerns the question of curricula content. What proportion of a management programme, for instance, should consist of case studies? Also, since management is an interdisciplinary science, how much of ethics, sociology, psychology, economics or mathematics should be incorporated into a management programme? Related to this is the question of producing generalists or specialists in management. The popular belief is that at the undergraduate level business schools should produce generalists and that specialists should be produced only at the postgraduate level. I would like to suggest that before a person is admitted into a graduate programme in business administration, he should work for a number of years in industry.

With regard to the future, I think we should try and consider making management into a sort of profession like medicine or law. This would mean establishing professional standards in management.

Ramalingam In my position as ILO Project Manager of the National Productivity Board of Singapore, I deal with in-service management education, that is, I train managers who are already acting as managers. I am intrigued by the remark made by Dr. Laya that it is difficult for business schools to recruit faculty staff and to retain them. I can assure Dr. Laya that this problem is worse in an in-service management education institute. I came to Singapore eight years ago to set up the in-service management education centre and until to-day I still have to do teaching because most of the people we have trained to do the teaching have left the centre.

I am also intrigued by the statement of Dr. Panglaykim that we are over-training our graduates in the business schools. I do not think that this is true. What is wrong with the training is that it is too theoretical and not sufficiently practical-oriented so that the graduates are not too readily accepted into the industry. How can we correct this? The answer to this, in my opinion, will also answer Dr. Laya's question of how to retain faculty staff in the business schools. I feel that the staff of business schools ought to go more into consultancy service for industry. This means that the faculty staff must be accepted by industry as being able to give top consultancy service. This requires the faculty staff to have not only adequate training but also practical experience in industry. By going more into consultancy service, the faculty staff would not only be more readily accepted by industry but they would also be earning extra which will help to retain them at the business schools.

I now come to the question raised by Mr. Long regarding how we could acquire local teaching materials and cases. In the National Productivity Board of Singapore to which I am attached, we have developed substantial teaching materials such as cases and business games relevant to the local environment. These materials are very practical-oriented. I feel that with modification, these materials could be used by the local business schools as well. To do this, there ought to be a closer working relationship between the National Productivity Board and the business schools, such as an interchange of staff which would enable them to learn from each other's practical experiences.

Yip The discussion so far seems to be largely dominated by those people whose training and experiences are in the field of business administration. I wonder if I may give a twist to the discussion by asking whether the same sort of questions which have been raised could be directed to the training of graduates in public administration; in other words, the training of graduates for the civil service. What are some of the curricula implications involved if we are going to train people for the civil service who are more development-oriented? We have at this workshop both teachers and practitioners of public administration. I wonder if we could have some reaction from these participants.

Wu I would like to state a few principles hoping that they will answer the question raised by Dr. Yip. I feel that a broad education rather than a narrow one is more suitable for a graduate who goes into the civil service. In training a graduate for the civil service, the university curriculum ought to reflect the cultural, social and political background of the country. Unless a civil servant understands this background, he will not be able to identify the problems in his society. In the West, whether in business or in the civil service, time is a very important element and it is often said that time is money. In our societies, timing is more important than time. We will not be able to carry out certain things unless we have proper timing. In Southeast Asia we have inherited the "rule of law" from the West and yet our society is influenced by the "rule of man". This presents a conflict to the public administrator. As an administrator, how much is one influenced by the human element and forget the law? As administrators we should strike a proper balance between the "rule of man" and the "rule of law". This is important because in Southeast Asia we indulge too much in the "rule of man". At this stage of our political and economic development we should emphasize more on the "rule of law".

Samonte A few years ago I would have reacted quite strongly towards the seeming dominance of the business schools' point of view in this afternoon's discussion. But having joined the central administration of my university I have acquired a greater degree of tolerance and have learned to look more objectively into the curricula of business and public administration.

It was mentioned yesterday that government involvement in commerce and industry was growing. The question that I will like to raise is whether the man we need to manage a government enterprise ought to be educated in a business administration school or a public administration school. As Dr. Laya has pointed out there has been some attempt to merge the curricula of business and public administration but with limited success. Perhaps this is one area that we should look into for countries in this region.

Let me describe the experiences of the School of Public Administration in the University of the Philippines. Our School of Public Administration trains students in four main areas. First, we teach them to acquire a greater awareness of the development process, including the ecology of public administration and, also to some extent, of business administration. The second area is the usual process and techniques of management. The third area is programme management. This is where we get our students to go deeper into a particular area such as the administration of agriculture or the administration of public enterprises. The fourth area is in research methodology. Most of the students of our Schools of Public Administration are serving civil servants.

Another programme which we have initiated in our School of Public Administration has to do with the training of senior executives. Here, we view executive development as part of management education because we feel that the manager does not really finish his education. Anyone who feels that he has finished his management education is finished but not educated. Here, we develop our own programme in terms of content and method but we also consider the experiences of other advanced management programmes, such as those from Harvard. From my experience, I take exception to some of the generalizations regarding the applicability of Western management techniques to the countries of this region. I don't agree with the view that management techniques developed in the West ought to be discarded. It is a matter of relevant selection and adaptation of these techniques to the local environment. Plato is as relevant as Confucius in Asia. The process of modernization has mistakenly been called Westernization. I look at modernization of Asia as really an encounter between the East and the West, and the modernization process depends as much on external forces as on the internal process within Asian societies.

Blaise

It has become clear from the papers and the discussion which followed that there are different approaches to management education. Prof. Wu expressed the opinion that we should make people educable rather than educated as a finished product. This, indeed, is one approach which could be used. On the other hand, we find others who emphasized on functional management techniques and the training of graduates as a finished product. Prof. Samonte pointed out, quite correctly, that management education should be conceived as a continuing process. If we think that in our management schools we can, with the few years at our disposal, produce a finished product which could move from a junior management position to a top management position without needing any further training, then we would be wrong. If we emphasize too much on the training of specific functional areas without giving due consideration to an understanding of the society and its environment as well as to a basic understanding of the analytical tools of management, then we will stifle the potential growth of a manager. As a result he would not have learned how to learn and his learning ceases as soon as he leaves an educational institution.

In these various approaches little analysis is given to the question as to what the consumer expects of the product from management schools. What does the consumer find most useful in such a product? I have talked to public-corporation people and also people in civil service commissions and government bureaux and most of them expressed the view that all they need is a graduate who could think and it does not matter which discipline he is trained in so long he has a broad education. Any training needed could be done at the job.

I would say that increasingly the area of management becomes so complex that a management school will not be able to produce a finished product and much training needs to be done after a person has left the management school. There is therefore a need to look at education and training as a long-term process and to build up different levels of training beginning with the management schools and continuing with management associations or staff centres. However, there ought to be coordination among these various training programmes so that we could have a sequence of training from one level to the next. No institution should think of being able to produce a finished product by itself.

Doh

Actually, many of the curricula implications for business management are also applicable to public administration. For instance, in marketing there is something akin to it in public administration. The government provides services but instead of getting returns in the form of profits, the government gets returns in the form of political support. However, in contrast to business administration, in public administration we stress more on the social responsibility of administrators. At the University of Malaya, for instance, we have a course called "The Administrator and Society". In the public administration programme at the University of Malaya we tried to give our students a perspective into the governmental, organizational, political and social setting and the dynamics involved in it. We approach our programme from an interdisciplinary point of view. Let me give you a brief outline of our course combination. In addition to economics and statistics the following are some of the courses taught: political behaviour, social dynamics, political process, political change, local government, administrative management, land administration, financial management, intergovernmental relation and comparative government and strategies. In addition to all these we also require our students to have contact with practitioners and this is achieved through a graduation exercise which they have to submit. In doing this graduation exercise the student is normally attached to a government agency for a few months where they interview the practitioners and observe administration in practice.

Laya I just want to make one comment in respect to the remark made by Mr. Ramalingam concerning faculty staff development and retention. He mentioned consultancy as a solution to the problem of staff retention. We have found this effective with respect to senior faculty members but not junior faculty members and this has resulted in a greater turnover among the junior members of the faculty. In our experience, it is the instructors who tend to leave rather than the senior members of the faculty precisely because they have less opportunities for consulting than the senior people. What we have attempted to do is to try to obtain research grants wherein the junior members of the faculty might be able to participate in research. This has the added advantage of givnig the junior members of faculty experience in research.

The second solution to faculty retention in the Philippines is through the creation of faculty chairs in economics, business administration and public administration where the opportunity costs to staff members remaining in the universities are much higher. The creation of such chairs is made possible with the cooperation of the universities and through endowment funds from the private sector. This has been fairly successful in retaining senior faculty members in the universities. A third solution to staff retention is through research funding which provides some honoraria to faculty members engaged in research.

With respect to faculty development, we have a unique situation in the Philippines where nearly 25 per cent. of the total college enrolment is in business administration. This comes to roughly 150,000 students which sometimes raises the question if this is really business management that they are all studying. But nonetheless they are all in business schools. The problems here is how to train the teachers who are teaching business administration. The more established universities during the past few years have been concerned with the problem of upgrading the quality of teachers in some of the smaller business schools. This is done through seminars and other training programmes.

Chairman:
Lim

I would like to make one comment. Dr. Laya has mentioned the experience in the Philippines where an attempt has been made to combine argriculture with business administration in developing a sectoral programme, and Dr. Hahn has also mentioned the experience of the Indian Institute of Management in the same direction. In the Indian Institute of Management, they consider themselves as an institute of management and not business management. As such, they look at society in terms of different sectors — business sector, agricultural sector, public sector, and so on. In the structure of their curricula they are able to identify certain common elements. This way of looking at the problem might be a useful first step in trying to identify the common elements between business and public administration. I would recommend that this approach be investigated into to see what sort of common factors there are in the management of the various sectors in the countries of this region.

Chin

There is seemingly an over-emphasis on functional areas in most of the business schools in this region and I think the same is true of public administration schools. Can we not conceive of management education in terms of the actual function of management rather than in terms of functional areas of management? By this I mean introducing courses which are designed to train a man to be a good planner, an organizer or a staffer rather than according to the areas of finance, marketing or production. In this sort of set-up we could perhaps combine business with public administration and consider the actual function of management rather than the various areas of management.

Panglaykim I would like to come back to the suggestion by Dr. Kanapathy for the setting up of "centres of excellence" in terms of functional areas. As an idea it might sound good but in reality it is difficult to achieve. Politics will inevitably come into the picture. If a regional "centre of excellence" in finance were to be set up in Singapore, then probably Malaysia or Indonesia would object to it. It is more feasible to think in terms of a regional centre for research.

Another point is faculty retention. In the University of Indonesia, nine members of faculty are holding top positions in the present government Cabinet while retaining their positions in the University. This gives the faculty members an added status which serves as an inducement for them to remain in the University and at the same time do important work for the government. This is possible because of a good rapport between the University and the government. The possibility of being invited to hold a government Cabinet post is a strong inducement for faculty members to remain in the University.

The separation between business administration and public administration is unfortunate, and I think that we have inherited this from the West. However, with the growing prominence of public enterprises in the future, the separation between these two disciplines is likely becoming less and less pronounced in the years to come.

I like the remarks of Prof. Wu that timing was more important than time and that the "rule of man" is more significant than the "rule of law" in Southeast Asia. Very often it is not what you know but who you know that gets things done for you.

Sriprinya First, I would like to comment on the question raised by Dr. Yip concerning curricula implications in public administration. I really do not see a difference between business and public administration and there is no need to separate the two disciplines when we talk about curricula implications.

Mr. Long raised the question concerning teaching materials and teaching methods. In this connection, I would like to distinguish two types of management education which business schools are supposed to provide. The first concerns the teaching of undergraduates who have not acquired any management skills by themselves. The second concerns the transfer of management skills to those who already have acquired some practical experience in management. I think that the curriculum should be different for these two types of management education. Most of the management schools have been concerned with the first type of training. I think that more attention should be given to the second type. If we do this we are likely to have more immediate results in upgrading management competence in the countries of this region. The responsibility for teaching this group lies not only with the business schools but also with management associations. This requires cooperations between the management schools and the management associations and the success depends very much on the acceptance of university lecturers by the management associations and the business community.

A related question is what we should teach in our management courses; in other words, what should we include in our management curriculum. There are two aspects to this. The first is training that can lead to immediate use of the management skills. The other is training which is intended to prepare a person for future development in management. Both these aspects ought to be included in a management curriculum. As to what should be the proper mix, I cannot say. It depends on the situation prevailing in the country, it depends on the time available to the management schools and it also depends on the needs of the business community. For this reason, some of the skills of management that are taught do not have immediate use but are intended to enable the graduate to develop further in his work as a manager. In this connection we cannot say that the business schools are over-educating their graduates because not all that they have learned need to be used immediately. A good deal of it would be used later as they become more involved in their work as managers.

PART V

ISSUES AND PROBLEMS IN THE PROVISION OF CONTINUING EDUCATION FOR DEVELOPING MANAGEMENT NEEDS

ISSUES AND PROBLEMS IN THE PROVISION OF CONTINUING MANAGEMENT DEVELOPMENT IN MALAYSIA

Tarcisius Chin

INTRODUCTION

There is universal recognition that continuing management development is one fundamental way in which managers can be expected to perform a job more effectively and to assume higher responsibilities. Even if the manager is performing his present job satisfactorily, management development is necessary to overcome technological and managerial absolescence and to supply suitably qualified personnel for consideration in promotion exercises.

Management development as a continuing process generally distinguishes between education which is primarily knowledge-oriented and training which is basically skill-oriented. An inverse relationship between educaton and training on the one hand and managerial levels on the other is a common observation. Management development programmes should therefore be designed to provide more education and less training at the higher levels and *vice versa*.

Management development opportunities are available in several forms. The pedantic categorization of internal and external sources covers, *inter alia*, local in-company and overseas parent company programmes, local programmes mounted by management organizations, productivity centres, universities and commercial organizations, overseas programmes offered by professional management development institutions of the Henley type and universities with specially designed management development programmes. Whichever the source it is perhaps not an incorrect observation that it is primarily the larger companies that respond to the need for management development.

This paper seeks to examine some of the leading issues and problems associated with the provision of continuing management development in Malaysia with specific reference to the private sector. For convenience the issues will be those taken in the context of the company and its own management development role while the problems focused will be those pertaining to the professional management development institutions and their role in providing suitable programmes.

THE MALAYSIAN SCENE

Management development in Malaysia has generally tended to be discussed in terms of the quantum of managers required in the future. For instance it can be roughly estimated that on the basis of approximately 130,000 managers of all levels for 1971/72 and a planned average growth rate of 6.5 per cent. annually as provided for in the *Second Malaysia Plan,* the additional requirement for 1973 is 8,450 managers, for 1974 it is 8,996 managers and for 1975 it is 9,581 managers. It is the function of the various institutions of higher learning to contribute to satisfying perhaps a large portion of these requirements in the future. The rest will come from internal promotions for which the companies will have to be responsible.

Providing managers for the future by the second route implies that companies must not neglect their role in management development. The situation becomes more critical when viewed in the light of Malaysianization and Malayization of companies in the country. After achieving Independence in 1957 there has been a gradual phasing out of expatriate personnel and in recent years the national policy of providing more employment opportunities for Malays has revealed a tremendous shortage of qualified Malays to assume managerial responsibilities.

The recruitment of graduates directly into the managerial pool also has management development implications. Institutions of higher learning can only provide manpower of the management trainee calibre. It is up to the receiving company to make effective use of the graduate by training him not only to perform a better job but also to upgrade his managerial capacity for possible assumption of higher responsibilities in the future. In some companies there is a conscious effort to come to terms with the requirements of continuing management development for all levels. Other companies have sadly neglected this task for various reasons. It becomes the brief of this section to attempt an assessment of the management development opportunities available in Malaysia and the response of companies to such opportunities.

While empirical data is lacking there exists a small group of essentially multinational corporations which provide a wide range of internal development programmes for their managers. These programmes include rotational assignments, coaching, conferences and meetings, secondments, transfers on a lateral basis to widen experience, and the more formalized in-company training courses. Sometimes a full-time training officer is employed to take responsibility for the programmes. It can be appreciated that only companies with sufficient financial power are in a position to provide some of the more formalized programmes.

For the majority of companies some reliance has to be placed on external management development opportunities. Even for companies with good internal programmes it is desirable that these be supplemented with some form of external programmes. In a survey of 22 companies drawn from various industries, all indicated a need for and a reliance on external programmes. Of the 22 companies, 18 considered the external programmes necessary to increase knowledge of subject matter; 15 indicated their usefulness in developing qualities of character and personality; and 15 expect these programmes to contribute to greater understanding of the problems and principles of management.[1]

The two major institutions in Malaysia which provide external management development programmes are the Malaysian Institute of Management (MIM) and the National Productivity Centre (NPC). Conceived very much earlier on, the MIM was instituted in 1966 as the national management organization with the primary role of providing management development programmes in order to maintain the highest standards of management in the country. Throughout the process of conception, birth, infancy and growing maturity, the MIM has had the cooperation and moral support of the government, the University of Malaya, related institutions and the business community. Entirely self-financing through subscriptions from 153 group members and 429 individual members of all grades (as at 31 December 1971) the Institute has managed to provide a variety of programmes to cater to the varying management development needs in Malaysia. Drawing on voluntary as well as paid assistance but with no full-time course leaders on its staff, the Institute's progress in fulfilling its management development role is greater than originally envisaged.

Basically two types of programmes are offered. The first is the Evening Course covering a broad functional area over a period of forty hours with the objective of providing as complete as possible a picture of the subject area in terms of knowledge and understanding. The second is the Day Course or Seminar devoted to discussing a specific management issue or analytical tool over one, two or more days with the objective of providing information or understanding or developing skills or changing attitudes. In quantum terms the number of Evening Courses and Seminars and the response to them have increased remarkably since 1966.

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[1] Lean Meng Seong, "Managerial Development in Malaysia", **Businesscope,** Vol. 1 No. 1 (1970), p. 70.

TABLE I

Year	Evening Courses	Seminars	Participants
1966	—	3	169
1967	—	6	299
1968	4	18	882
1969	8	19	804
1970	3	19	650
1971	7	21	670

Source: MIM, **Annual Reports.**

The NPC was established in 1962 as a joint project by the United Nations Special Fund and the government of the then Federation of Malaya with the International Labour Organization as the executive agency. In 1966 it became an autonomous body with governmental support and finance.

The NPC both complements and competes with the activities of the MIM. The Centre is a complement in that it offers a variety of programmes which are normally beyond the province of the Institute, particularly those geared to the needs of the supervisory levels. The Centre is, however, becoming increasingly competitive with the MIM in that it is offering programmes which are more and more geared to higher managerial levels.

As a Centre staffed by a growing number of full-time trainers the programmes have increased tremendously since 1962. While the range of programmes is comparable with those offered by the Institute the actual number of courses is inflated due to considerable repetition. The number of courses and participants for the various years are given below.

TABLE II

Year	Courses	Participants
1962	5	105
1963	22	462
1964	25	370
1965	28	480
1966	25	417
1967	46	765
1968	67	1,121
1969	91	1,389
1970	114	1,764
1971	114	1,939

Source: NPC, **Annual Reports.**

ISSUES

For management development to be effective, companies must first delineate who has the primary responsibility for its provision. There is a general mistaken notion that management development can be relegated to the Personnel Department or the Training Division of a company. While these departments assist by providing advice and mounting formal programmes, it is the line manager (in this case the immediate superior) who should be directly responsible for ensuring that his subordinates are performing their jobs effectively. A neglect of this important managerial responsibility can result not only in lower level performance but also provides no suitable candidates for managerial succession.

If the line manager has the primary responsibility for developing the managerial capacity of his subordinates he will have to know how best he can go about in discharging his responsibility. The methods that he employs should take cognizance of the knowledge, understanding and skills necessary for his subordinates to perform their jobs effectively. This transcends technical requirements, particularly at higher levels, and should include knowledge and skills in management, human relations, decision-making and communication. As these requirements can seldom be met by any one method, the manager must look for the best ways and means to provide management development.

In one Malaysian company[2] some of the ways and means are identified as follows:

(i) Experience on the present job
(ii) Job rotational assignments
(iii) Coaching
(iv) Management committee assignments
(v) Special work assignments
(vi) University, advanced management programmes
(vii) Company-sponsored meetings
(viii) Self-development — individual reading and self-study courses
(ix) Writing for publications
(x) Participation in professional societies
(xi) Participation in community activities
(xii) In-company training courses
(xiii) Outside training resources such as the NPC, MIM, etc.

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[2] G.J. Carather, "Planning and Implementation of Management Training", unpublished paper delivered at a **Seminar on Management Training for the Seventies** at the NPC, 29 April 1972, p. 5.

If it is accepted that the immediate superior has the primary responsibility for management development, it seems logical that coaching and special work assignments should be emphasized. However, the broader perspectives can be more effectively found in job rotations and the more formalized management development programmes.

Formalized programmes can be expensive for companies to sponsor. But what is at greater issue perhaps is the understandable reluctance for some companies to commit resources in this direction in the belief that a trained man will be more easily tempted to move to other companies. By the same token the attitude that it is cheaper and easier to poach than to train seems to set a severe constraint on the willingness of companies to respond to the challenge of management development.

Suggestions have been made to overcome the attitudinal constraint. These include a compulsory levy on all companies under an Industrial Training Act modelled after the United Kingdom Act (which I believe has recently been abrogated), the provision of cheaper management development programmes and perhaps some form of contractual arrangement between the company and the trainee. These negatively oriented approaches may have some merit but they do not really satisfy the long-term interests of the company.

A more positive approach is to first take the view that management development is a *sine qua non* for maintaining the highest standards of managerial performance for the company operating in a competitive environment. Second, the rising expectations of managers who contribute to higher managerial standards should be matched by the company so as to reduce poaching. For instance, a man who knows that he has been selected for training with the objective of managerial succession should readily be able to identify his own needs with the company's.

It is not only financial incentives that matter. In order that management development can be meaningful and successful top management must actively support and participate in the company's management development programme. Without such support the likelihood increases that on completion of their programme the managers meet resistance to their newly-acquired ideas, become frustrated and may even leave the company.

PROBLEMS

There is a general shortage of qualified course leaders in Malaysia.

A substantial number of course leaders have little managerial experience of their own while those with sound experience find difficulty in leading courses.

Both the MIM and the NPC have come to terms with the problem of the lack of expertise in two different ways. The NPC, due in large measure to government financial support, has built up a pool of professional course leaders while the MIM, surviving entirely on subscriptions, has operated by commissioning the services of university faculty and other types of course leaders.

It is gradually being recognized that the use of part-time course leaders is not satisfactory without at the same time devoting equal emphasis to course planning which requires research on management needs, and course follow-through which requires a follow-up on participants' progress after completion of the course. Full-time professional course leaders, on the other hand, can be charged with, not only the execution of a course, but also its design and follow-through.

For the MIM, operating on voluntary and part-time help, the preceding and consequent functions to a course programme are difficult to administer. A research project, however, is underway to determine management needs in the country. It is hoped that the research findings will provide a firm basis for the Institute to plan its management development programmes in the future. The Institute is also thinking of ways and means to provide follow-through to its programmes and assess their effectiveness.

SOME CONCLUSIONS

An examination of the issues and problems of providing management development in Malaysia not only throws light on the prevailing situation but also suggests the directions which this activity can gainfully proceed in the future.

Recognizing that the increasing need for management development in Malaysia has to be largely satisfied by the professional management development institutions and the scarcity of expertise in the country to design, execute and follow through on programmes, one useful direction is to minimize on duplication by coordination. For instance, if spheres of primary interests which can best be looked after by each professional institution are identified and concentrated on by each institution, a great deal of wasteful duplication may be avoided.

In addition to the MIM and the NPC there are plans by the universities and the government to provide some form of management development programmes in the future. For instance, the Faculty of Economics and Administration of the University of Malaya is planning to offer a Diploma in Business Administration for Malaysian managers. The Science University of Malaysia in Penang is currently examining the feasibility of introducing management studies but the form in which it will eventually emerge is still unknown. The National University has recently constituted a Board of Studies for a Faculty of Economics and Commerce. Likewise, non-university status institutions like the MARA Institute of Technology and the Government Staff Training Centre (now re-named National Institute of Public Administration) may be introducing management programmes for Malaysian managers.

The spheres of primary interests seem apparent in some of these institutions. For instance, the universities are more concerned with education-oriented programmes while the non-university institutions will concentrate on training programmes. Coordination can also operate within the universities and non-university institutions. Thus it can be conveniently suggested that the University of Malaya offer a one-year full-time Diploma programme, the National University a longer duration part-time programme with the Science University providing short-term residential programmes.

Likewise the National Institute of Public Administration can devote attention to public administration programmes while the MIM and the NPC should carry the major burden of satisfying the training needs of the private sector. The spheres of primary interests between the MIM and the NPC seem apparent. As a productivity organization the NPC can address itself to programmes which relate to raising productivity. It is generally recognized that such programmes are most relevant to the training of the supervisory levels of management. The MIM as the national management organization can then address itself to programmes which are designed to upgrade managerial capacity in the country.

The demarcation of spheres of primary interests for each professional institution serves to reduce the pressure on scarce expertise in the country and should, on the basis of specialization, produce more effective management development programmes. A second direction that would be useful in achieving these objectives is for a greater degree of cooperation among the professional institutions. Several avenues for cooperation can be thought out, such as the exchange of expertise, joint sponsorship of programmes beyond the capacity of any one organization, and the accessability to other organizations of research findings on management needs in the country.

A good illustration of close cooperation is the relationship between the University of Malaya and the MIM. Not only is there representation of one organization at the policy and planning levels of the other (a university representative sits on the Governing Council of the MIM and a MIM representative is a member of the Advisory Committee to the Division of Business Administration) but, more important, the MIM draws heavily on university faculty to lead its various management development programmes.

Representation of one organization at the policy and planning levels of other organizations is good as it provides for some form of coordination. But unless cooperation can extend to the nuts and bolts of management development and reinforce coordination, the expected acceleration of management development in Malaysia is likely to be retarded by the lack of expertise, possible wasteful duplication of effort and ill-designed programmes.

ISSUES AND PROBLEMS IN THE PROVISION OF CONTINUING EDUCATION FOR DEVELOPING MANAGEMENT NEEDS

Lim Chew Swee

Before approaching the subject of provision of continuing education for developing management needs, it would be well to look at the concept of management development.

Management development is an individual process involving the interaction of a man, his job, his manager, and the total work environment. Individual development then results in the acquisition of new knowledge, skills and attitudes in a planned, orderly manner to improve present job performance while accelerating preparation for advancement into more responsible positions.

It is the responsibility of the organization to provide the conditions that will enable each individual to develop to the full extent of his potential consistent with his needs, interests, abilities and willingness to exert himself to realize this potential.

The conditions that influence, and are part of, the management development process include long-range business, organization and manpower plans; translation of these plans into knowledge of what is expected from the individual; provision for individual opportunity to participate in defining the job to be done; and the performance standards for the job. In addition, management development includes continuous feedback of results, the development of individually-tailored career plans based on identification of individual strengths, limitations and developmental needs, and finally, the application of executive development techniques such as in-house or outside courses of study; and such hiring and promotion decisions based on identifying and developing the right number and kind of executives to implement business plans and strategies.

With the organization providing a favourable environment for development, the individual managers must also be self-motivated to want to learn and develop. He must see that the reason for learning new techniques is self-improvement, and that such continuing education is an extension of his job performance. He must perceive that whatever educational programmes he is to participate in is likely to achieve this, and he will expect the resulting change to be valued by his organization.

We might say that the essential components of management development are management education, management training and significant management experience. We should distinguish between management education and management training, for though both concepts are related, they are distinct.

By *management education* we mean not only the inculcation of certain mental qualities and attitudes but also the acquisition of knowledge, both conceptual and factual. *Management training* on the other hand, is the process of acquiring the necessary skills and techniques required to fulfil a predetermined task. This is done through the process of developing practical ability through systematic instruction in specific skills combined with guided practice. There are two distinct functions in management training: namely — remedial training and developmental training.

By *remedial training* we mean the type of training which is specifically aimed at remedying a deficiency or to help a trainee improve his performance in his current job. *Developmental training* is aimed at helping a trainee develop new skills and to reach new standards which were not previously expected of him. However, all training must have the terminal objective of acquiring a certain proficiency in the utilization of specific skills and techniques.

Having distinguished between management education and management training, one is tempted to question the need for and the effectiveness of these aspects in the development of management. We can perhaps assume that no one will question the utility and importance or relevant experience. In fact the belief that any management knowledge worth having is gained from personal experience still persists. But the question still remains whether all experience is necessarily significant.

Does management education and training have any real impact in the development of managers? In a study of British management by Alistair Mant, the findings show that "nearly 40% of the chief executive surveyed were 'doubtful' or 'quite sceptical' about the impact of the best external courses for experienced managers".[1]

What is the cause of this scepticism? Are the objectives and content of these courses unsuitable or are the teaching methods wrong? Are the teachers inadequate or is it simply a mismatch between the objectives of education and training and the purposes which companies wish to achieve? Frequently some companies settle for familiarization rather than real learning.

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[1] Alistair Mant, **The Experienced Manager — a Major Resource**, British Institute of Management, 1969, pp 3

Firms have a major responsibility in ensuring the effectiveness of management education and training. Post-experience education and training must operate within the framework of total management development as planned and organized by the firms. Better management is after all a company responsibility since the company provides the environment, rewards and satisfactions which are the major determinants of managerial development or the lack of it. Training and education are only ancillary parts of the total process. Continuing educational programmes, if they are to be effective, must be an integral part of the organizational life and must be in response to the needs of the individual. Furthermore, management development must be reinforced by top management.

Post-experience education and training can only be effective if there is a proper matching of individual needs to course objectives. The job of accurately assessing the needs of each individual lies with the organization concerned. Perhaps more careful specification of objectives can improve the effectiveness of post experience courses. If firms could get down to the job of analyzing what they really want, then educators could come close to supplying it.

Management education is a relatively new field in Singapore, thus the majority of managers and potential managers have not had any pre-employment management education. Prof. David H. Clark states in his study of the education and training of management employees in Singapore's larger manufacturing firms that "few administrators or managers in Singapore, about 5%, have had any formal education directly related to their job, such as a university education in business administration or accounting".[2] To this large group of managers there is an urgent need to provide facilities for post-experience training and education not only to increase their professional and functional competence but also to broaden their outlook.

Thus, in the context of Singapore, continuing education should play a very important part in the development of management needs. However, not all top management are aware of the need for management development and fewer still, especially among the smaller companies, would consider investment in continuing education.

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[2] Article by Prof. David H. Clark on "Managerial Resources and Management Training in Singapore's larger manufacturing firms" **The Singapore Manager**, Vol 5 No 1 (June 1971)

Thus, one of the major problems in providing continuing education for management development in Singapore is the need to sell management development to senior management. Very often this may take the form of providing continuing education for top management itself, inculcating in them new attitudes towards career development and management succession. The lead should come from the top and the most senior management should allow itself to be scrutinized to discover whether the training and developmental needs should not be met at that level first. It is only when top management is convinced of, and committed to, management development that the proper favourable environment can exist which permits those who have been trained to put into practice what they have learned.

In Singapore, it is quite common to find a firm without any corporate plans or objectives, some even without a proper description of organization structure, no job descriptions or specifications and no attention paid to management development and management succession. With this situation prevailing, it makes the proper identification of training needs extremely difficult and without this there is hardly any basis for the selection of the right course for the right individual.

Another problem area is the content of the courses. Most of the skills-and-techniques courses present very little difficulty but when it comes to management education, and in particular, attempts to change attitudes and to develop the capacity to cope with the rapidly-changing environment, we have some difficulty.

The businessman of today has to manage his life on two separate dimensions, the present and the future. The true manager not only controls the present but must train his eyes continuously on the future, whether it is in the short term or in the long run.

Is it enough for us to provide the manager of today with the wherewithal to ensure his present competence? No doubt the manager must be competent in what he does now, but he must also be equipped to take an objective and sober view of the future and be able to cope with the changes. Is enough attention being paid to the exploration of the future? After all, we now have the means to make these explorations in a way that we could not in the past. We have at our disposal, the techniques of mathematics, the use of projections, of probability analyses, the means of understanding speedy and complicated calculations, to scan vast numbers for optimum solutions and for the identification of vital factors, the ability to test a variety of assumptions, and the opportunity to carry out experiments in the mind. With all these possibilities, we should be able to see a little more clearly into the future environment.

Managers must be equipped with not only the ordinary tools of management, but also with the means to forecast the future and the expertise to evaluate the changes. The short-term training requirements of most companies are mostly remedial in nature but the more crucial issue is the preparation of managers to be business leaders of tomorrow.

In Singapore, the structuring of management education programmes, especially with regard to length and timing, constitutes another problem area. Many of the organizations have a very thin layer of managerial staff and as a result not many can be spared for any extended period of time. In fact, many firms prefer short courses and if a course has to run over a period of time, most prefer it to be held in the evening after office hours. In order to meet this requirement, some of the effectiveness of such programmes would have to be sacrificed.

The majority of managers have a requirement for a succession of special-purpose courses closely linked to their current work. This is not only for the improvement of performance but also for overcoming obsolescence. Most managers face a obsolescence problem as new processes, technologies and competition arises. As the technological and economic operations of companies become more complex, the cycle of usefulness of expertise becomes shorter and the logical company objective will be retraining of some kind to ensure that the managers can meet the challenges.

Besides obsolescence, the structuring of a course has a direct bearing on the learning process. If we agree that learning is a function of time, then "sandwich" courses are extremely valuable, as they enable the participant to check the validity of formal teaching in a practical setting, by applying what they learn in the work situation.

Another significant problem area is the availability of appropriate resources, especially course leaders and teaching materials.

The requirements of post-experience education are different from those of the undergraduate or the graduate students. The ideal course leader would be one with adequate academic qualifications and substantial practical business experience. In order to overcome the current shortage of course leaders, more senior managers should commit themselves to the cause of management education by participating actively as course leaders. Alternatively, opportunities for acquiring relevant experience should be offered to university faculty members through periods of attachment in business and industry. More research opportunities should also be given to faculty members so that relevant local teaching material may be developed in the process.

For those who are responsible for providing continuing education for the development of management, it is most important to have some form of feedback from both the participants as well as the sponsoring organizations who are responsible for their participation. Only through this type of evaluation can the organizers be able to assess the effectiveness of their programmes and thus be able to make the necessary adjustments to improve on the quality and the relevance of courses.

However, proper evaluation is dependent upon a number of conditions such as the proper selection of participants based on accurate assessment of needs, accurate definition of objectives both of the courses and the company, the opportunity to apply what has been learnt, and an effective appraisal system for performance.

Continuing education for management development in the broadest sense incorporates all the educational activities that a manager can be exposed to after he has started working. This may take the form of in-company courses, university extra-mural courses, or courses offered by professional institutions. In this sense, then, all three institutions have a role to play in providing continuing education for management development. Some aspects are best dealt with within the company while others would be more effectively accomplished through external courses. The need for coordination and cooperation always exists especially since our resources are limited, particularly in teaching material and in the number of teachers of the quality required.

With industrialization taking place so rapidly in Singapore, the need to develop a large number of professional managers is of the utmost urgency. The only way to accomplish this is for every organization to pursue a policy of actively developing their management staff. Although continuing education for management development plays a very significant role in the context of Singapore, it must be appreciated that this is only one aspect of this total process of management development. The total process itself will require the commitment of the total organization to provide the proper environment for development.

DEVELOPMENT ADMINISTRATOR: AN EVALUATION OF THE GRADUATES OF PUBLIC ADMINISTRATION EMPLOYED IN THE THAI CIVIL SERVICE COMMISSION

Sorat Sucharitakul

This paper is an evaluation of the performance of the public administration graduates employed in the Office of the Thai Civil Service Commission (OCSC). It is hoped that this paper will be a source of information that might be used for considering improvements in the training of the public administration students.

The Commission is the central personnel agency of the Thai civil service. Its main duty is to supervise, maintain, and promote the merit system in the civil service operating agencies. The OCSC is the secretariat office of the Commission. It consists of the following eight divisions:

(i) Office of the Secretary
(ii) Position & Pay Division
(iii) Personnel Appraisal Division
(iv) Personnel Policy & Standard Division
(v) Personnel Transaction Division
(vi) Discipline & Legal Division
(vii) Finance Division
(viii) Education Abroad Division

The office is headed by the Secretary-General and two Deputy Secretary-Generals who supervise approximately 500 other employees.

The employees may be classified into nine categories, as follows:

Level I — clerks
Level II — senior clerks
Level III — staffs who are college graduates or equivalent
Level IV — chiefs of routine sections or experienced staffs
Level V — supervisors of small technical units
Level VI — chiefs of divisions or chiefs of important projects
Level VII — directors of divisions
Level VIII — deputy secretary-generals
Level IX — secretary-general.

Those with Masters degrees in public administration are recruited as personnel analysts and these are third-level positions. After at least one year's experience, these analysts may be promoted to the fourth level by passing certain promotion examinations. For further promotions from the fourth to the ninth level, employees must have at least two years of experience at the immediate lower level. In addition, for promotions to the fifth and sixth levels, employees must pass promotion examinations. Moreover, promotions to levels seven, eight and nine are based on a system of selection.

Within the years 1968 to 1972, there were forty-eight graduates with Masters in public administration working in the OCSC. Of these, three are in the top management levels, i.e. Level VII and Level VIII. Eight are in the middle management level, i.e. Level VI, which is considered to be the level of development administrators or real change agents. The remaining thirty-seven are personnel analysts in Levels III, IV, V.

In this paper, the study of performance evaluation is concentrated on Level VI personnel analysts since the writer has had the opportunity of supervising and observing them very closely.

CHARACTERISTICS OF POSITIONS IN LEVEL VI

There are fifteen positions in Level VI, four of which require personnel with a thorough knowledge of public administration. The positions are:

(i) Chief of Position & Pay project, responsible for analyzing annual requests for additional positions in the operating agencies, including the classification of these positions.

(ii) Chief of Staffing Pattern project, responsible for analyzing requests for reorganization of operating agencies and the determination of the numbers, kinds, and levels of employees allowed in an agency.

(iii) Chief of Position Classification project, responsible for the adaptation of modern techniques of position classification in the Thai civil service.

(iv) Chief of Personnel Policy and Standard project, responsible for analyzing problems in the Thai civil service for policy formation and civil service employees development.

Eleven other positions in Level VI do not require knowledge in public administration techniques.

Each of the chiefs of these projects supervises approximately thirty to forty employees, most of whom are college graduates. These four chiefs are important elements in the development of the merit system in the Thai civil service. In performance, the four chiefs may personally be the initiators of various projects or may follow up requests from various sources i.e. their supervisors; the Commission; the Cabinet, the Administrative Committees; the operating agencies; the civil servant or from the public. After initial studies by the chiefs of projects, the cases are brought up for further consideration and decisions of the top management, the Commission, or the Cabinet, as the case may be.

For example, recently, the Commission decided to change the civil service classification system from rank classification to position classification. The new system will be installed gradually in one agency after another. Before such installation, the chief of position classification project must persuade the Director of a certain department into an agreement to adopt the new system. He then must work out the details and schedules for the installation of the plan in this department. He then assigns his subordinates to be responsible for various phases of this project i.e. ways of gathering information; analyzing selected information: separating occupation series; classifying levels of positions; writing specifications; coordinating with the department; requesting comments or approval of important classification issue from the department and the top management of the OCSC; proposing the classification plan for the approval of the Sub-Civil Service Commission, the Commission, and the Cabinet; preparing manuals of the methods of recruitment, appointment, promotion and the changes of classification plan; and training of employees concerned.

The most difficult task in introducing this new system is to make it compatible with the old system at every stage, as this system has to be introduced into one agency at a time. This means that, during the period of the changeover, civil servants must abide with both the old and the new systems e.g. with the rank system *and* the position classification system.

The chief of this project, therefore, must have a thorough knowledge and understanding of the underlying principles, and the logical reasons behind various practices of both the old and the new systems. Also, he must have initiative, ability, capability in solving problems, policy formation ability, negotiative ability, and must be an able leader.

The duties and responsibilities of the other three chiefs of projects have the same level of difficulties as that of the chief of position classification project.

BASIC QUALIFICATIONS OF THE CHIEF OF PROJECT

Four basic qualifications which the top management usually use as criteria for considering personnel to be appointed as chiefs of projects are:

(i) Thorough knowledge and understanding of the theories and practice in public administration, especially the principles and methods of organization, management, and personnel administration. These qualifications may be abbreviated as "principles of public administration".

(ii) Capability to analyze and solve public administration problems in the Thai civil service. This capability consists of analytical ability, reasoning ability, initiation, and the capability to bring forth and adapt the principles of public administration in order to solve problems and improve the conditions in the Thai civil service. These qualifications may be abbreviated as "problem solving."

(iii) Oral and written ability and also the proper etiquette in persuading people towards the right means. These qualifications may be abbreviated as "communication".

(iv) Possessing a high standard of behaviour, professional ethics, having strong determination to perform his duties for the benefit of the whole, being strong-minded, having good leadership qualities, being able to teach and supervise, and possessing the quality of perseverance. These qualifications may be abbreviated as "behaviour".

EVALUATION

The results of the evaluation of the performance of personnel analysts, Level VI, being the chiefs of the four projects, are shown in Table I. The qualities of every chief will be graded into five levels, being: very good, good, fair, poor, very poor. The levels of rating were based on various information gathered from periodic reports of the progress and problems of the four projects and the proposals of these chiefs in solving their problems, in planning their work, and in making their decisions. Other sources of information are from the reviewing of the performance of the chiefs to be considered for annual salary increase, from the viewpoints of their co-workers and their sub-ordinates, and from detailed discussions of the top management in transferring some of the chiefs to other positions due to their being found unsuitable for certain jobs. Since the beginning of 1968, eight employees were appointed as chiefs of the four projects. Four of the appointed were transferred to other positions.

TABLE I

GRADING OF EIGHT CHIEFS OF PROJECTS

<table>
<tr><th>Qualifications / Name</th><th>Public Administration</th><th>Problem Solving</th><th>Communication</th><th>Behaviour</th></tr>
<tr><td>A.</td><td>very good</td><td>good</td><td>very good</td><td>very good</td></tr>
<tr><td></td><td colspan="4">(excellent development administrator)</td></tr>
<tr><td>B.</td><td>good</td><td>good</td><td>good</td><td>good</td></tr>
<tr><td></td><td colspan="4">(well-rounded development administrator)</td></tr>
<tr><td>C.</td><td>very good</td><td>fair</td><td>fair</td><td>fair</td></tr>
<tr><td></td><td colspan="4">(fairly-good development administrator)</td></tr>
<tr><td>D.</td><td>very good</td><td>good</td><td>good</td><td>poor</td></tr>
<tr><td></td><td colspan="4">(has one behavioural defect; which, if cured, will make him into a good development administrator)</td></tr>
<tr><td>E.</td><td>good</td><td>poor</td><td>fair</td><td>fair</td></tr>
<tr><td></td><td colspan="4">(too much involved in details, unable to separate the significant from the insignificant)</td></tr>
<tr><td>F.</td><td>fair</td><td>poor</td><td>fair</td><td>fair</td></tr>
<tr><td></td><td colspan="4">(not enough initiative, unable to solve working problems, unable to adapt theoretical knowledge)</td></tr>
<tr><td>G.</td><td>good</td><td>fair</td><td>poor</td><td>poor</td></tr>
<tr><td></td><td colspan="4">(not tactful, untruthful, greedy, unable to use his knowledge)</td></tr>
<tr><td>H.</td><td>very good</td><td>very good</td><td>poor</td><td>very poor</td></tr>
<tr><td></td><td colspan="4">(very good knowledge and capability but his behaviour is very poor)</td></tr>
</table>

TABLE II

GRADING OF EIGHT CHIEFS OF PROJECTS BY QUALITY

Qualifications	Very good	Good	Fair	Poor	Very poor
Public administration	4	3	1	–	–
Problem-solving	1	3	2	2	–
Communication	1	2	3	2	–
Behaviour	1	1	3	2	1

Besides these personnel analysts Level VI, there were thirty-seven personnel analysts with public administration degrees in Levels III, IV, V, employed in the OCSC since 1968. They are not yet considered as development administrators and are not specifically rated. The reason is because the writer and the top management of the OCSC are not their immediate supervisors. Some of them are newly recruited. Others have limited responsibilities. However, of these thirty-seven, eight are highly regarded by the writer as possible good development administrators. Ten have clearly shown themselves to be failures due to their inferior knowledge and ability or their poor behaviour, or both. The qualities of the remaining nineteen remain unknown as yet.

PROBLEMS OF PUBLIC ADMINISTRATION GRADUATES

According to Table I, E to G are not considered to be successful chiefs of projects or development administrators. They, therefore, were transferred to other positions which are less complex. It is a noticeable factor that these four have good knowledge of theories of public administration: but three of them were unable to cope with problems under their responsibilities; and the remaining one had excellent knowledge, and was capable of solving problems and to work rapidly. He, however, lacked the necessary qualification of "good behaviour".

As for the ten unsuccessful analysts in Levels III, IV, V: two suffered nervous breakdowns; two were extremely slow in their work; three were rude, easily angry and had unpleasant personalities. The remaining three were very egoistic and had, on many occasions, violated professional ethics. Out of these ten: five are no longer with the OCSC; one was transferred to a lower-level position; two were transferred to other positions in the same level; and the remaining two being given the opportunity to improve themselves.

There are various causes for the problems of these people, such as inborn characteristics of greed, lack of perseverance, their levels of intelligence and reasoning ability may be below standard, they may be closeminded, not tactful, and lack initiative, self-confidence, and self-control, making them unable to develop themselves for leadership. Furthermore they may experience sex and health problems.

Other from the inner causes mentioned, there are also outside causes such as: not having enough preparatory training; too much pressure from supervisors and situations; not enough guidance from supervisors; too much responsibilities; financial and family problems; conflicts between modern administrative concepts and traditional beliefs.

COMMENTS FOR DISCUSSION

(i) Greater emphasis should be placed on the development of desirable personal traits for public administration students. Students should be exposed to the techniques of self-development in order to possess these traits.

(ii) Those who are admitted for graduate degrees in public administration should have a high level of intelligence, good conduct, and have had some working experience.

(iii) The students should be well aware of the significant changes in their society and should have an insight into the direction which these transitions will lead. They should thoroughly understand the distinctive indigenous administrative behaviour.

(iv) The students should be exposed to more initiative training, communication techniques, and the art of persuading people.

(v) In teaching, the university should be aware that a great deal of public administration techniques could be better acquired from the operating agencies and from professional associations. The university, however, should not place too heavy an emphasis on techniques. The emphasis instead, should be placed on three major features, i.e.

(a) The thorough understanding of basic principles of public administration.

(b) The administrative ecology and the means for the students to adapt themselves successful to the working situation.

(c) The ideal qualities of a development administrator and the means to acquire such qualities.

(vi) Professional associations of public administration should serve as centres where public administrators can exchange their views and experiences. New techniques of public administration should be introduced by these associations. The associations should serve as links between theories and administrative practices.

(vii) The operating agency should have plans to develop public administration employees to be ideal development administrators. The employees will be taught specific administrative techniques of the agency.

(viii) Finally, in order to acquire the necessary desirable qualities, public administration students must unceasingly train themselves. The university, the professional association, the operating agency, can only point out and facilitate the ways and means of personal development. To be a good development administrator, a student must develop himself first.

DISCUSSION

Chairman:

Sriprinya The papers presented for this session represent two different viewpoints. The papers of Dr. Chin and Mr. Lim look at continuing management education from the viewpoint of business administration and through the eyes of producers of management personnel. Mr. Sorat's paper, on the other hand, deals with a case study in public administration and looks at the problem as a consumer or user of public management personnel.

In discussing this topic of continuing management education, I am reminded by what Prof. Samonte said yesterday that anyone who thinks he has finished his management education is finished but not educated.

Doh For the purpose of focusing attention on the ensuing discussion, I will make an attempt to synthesize the main points of the three papers, add a few comments, and arrange the findings in sequence.

(i) What does continuing education for management mean?

It means management education given to those who have started work as managers.

(ii) Why is there the need for providing continuing education for management development?

It is because of the existence of the following categories of managers:

a) Non-managers promoted into the position of managers;
b) Graduates directly recruited into management positions;
c) Existing managers with no prior management education;
d) Managers whose skills and knowledge have become obsolete.

(iii) What are the objectives of a management development programme?

They are:

a) To improve present job performance;

b) To prepare managers for assumption of greater responsibilities.

(iv) What are the problems in management education? These are:

a) Shortage of teachers and trainers with both academic training and practical experience;

b) Shortage of teaching materials;

c) Lack of awareness of the need on the part of senior management;

d) Difficulty in changing attitudes and developing capacity to cope with changing environment.

(v) How do we demarcate management education responsibilities?

a) On the basis of spheres of primary interest, whether short-course programmes or longer-course programmes, whether for lower, middle or top level of management.

b) On the basis of distinction between management education and management training whereby the division will be either on the development of the desirable attributes of development administrator/manager discussed yesterday or the sheer improvement of specific skills. Mr. Sorat, for example, has suggested that the university should concentrate on the former while leaving the professional institutions to look after the latter. Government, industries or companies should, I think, join the professional associations in the role of skill or technique development as well.

(vi) How can we effect cooperation in management education?

The following may serve as a model for effective cooperation between interested parties in management education:

a) Government, industries and companies assess their management needs, specify their objectives in management education, and supply the trainees;

b) Universities, government training institutions, professional associations and company in-training programmes to supply the education and training;

c) Government, industries and companies to provide the conditions conducive to the application of the knowledge and skills acquired by newly returned managers/development administrators;

d) Sponsoring organizations and participants in the management education and training programmes to provide feedback on the effectiveness of programmes. This will imply the necessity to develop an effective performance appraisal system on the part of sponsoring organizations;

e) Education and training programmes use feedback for their improvement;

f) Participants to play their part in learning and application;

g) Cooperation between universities, government, public training institutions and professional associations through mutual consultation in the identification of management needs, formulation of educational and training programmes and courses, the determination of programme areas for research, the development of teaching materials, the pooling of financial and human resources, the accordance of duplication of effort, the mutual and effective representation in matters pertaining to management education and training, such as the formulation of policies, and the determination of programmes and courses.

All the above would, of course, imply strong commitment on the part of senior management in both government and business to continuing management education.

Ongpin I would like to comment on some of the points raised in the papers and in the subsequent presentation. I should say that my viewpoint is that of a representative of the private sector.

Mr. Lim mentioned the need for a very concerted evangelical or missionary effort to convince management of the need for continuing education. This surprises me somewhat because from my experience in the private sector it is just the opposite. I have found that there is a universal acceptance by management for the need to upgrade their management personnel. Therefore there is really not much of an effort needed to convince management to upgrade their staff.

Dr. Chin raised the very important question of how we could develop more competent teachers of management. This is a very difficult problem and it is also related to a number of other problems such as the quality of teaching materials. The greatest difficulty that universities face in this regard is that so many of the professors in the universities just have not had the opportunity to manage a business enterprise or to be involved in actual management functions. When we talk about continuing education we are not referring to business students but to those who are already in management and who require further training. Here, we meet with a scepticism when continuing education is taught by university professors who have not had any practical management experience. The question that is often asked is how a university professor could teach his students how to manage a business enterprise when he himself has not gone through it. This is a fundamental problem in continuing education. I have a number of suggestions in this particular regard. I think that universities can improve their effort in the area of management development quite significantly if they have a closer cooperation with the business community. This could be achieved in a number of ways. I feel that the universities ought to encourage and motivate their faculty members as much as possible to have a close contact with business community. One way of doing this is through business consultation. I would even go to the extent by suggesting that consultation be one of the criteria for promotion in the university. Another way of doing this is for the universities to invite from time to time successful businessmen from the private sector as guest lecturers. This will give the students a better feel of what it is really like out there in the business world. This is particularly important when we talk about continuing education. Yet another way of achieving a closer cooperation between universities and the private sector is to set up curriculum advisory councils so that the universities can have a better understanding of the type of graduates which the private sector needs. In the development of a business curriculum it is essential to have the views of the consumers of the product, in this case the private sector. There is a danger of inbreeding if a discussion on curriculum is confined to people in the universities. In the attempt to create a closer cooperation between the universities and the private sector, I feel that the initiative ought to come from people in the universities; businessmen are unfortunately too busy making money. I believe that if the universities make a concerted effort in this direction, the business community will respond positively to it.

I would also like to touch on another point raised by Mr. Lim regarding the need to develop an effective manager. I subscribed entirely to the comments made by Lim in this regard. I would like to add some remarks to his comments. I might start off by describing two different individuals who have received the same training and who have come out to the business world and try to apply that training to their work. Over a period of time one turns out to be a very effective manager, the other somehow or other is never able to break out of his shell and thus becomes a very mediocre manager. We see this all too often — two individuals with the same intellectual capability, one becoming a successful manager, the other never quite able to make it. I have given considerable thoughts to this problem and I think there are several elements why a person becomes a successful manager and another does not. I think that Asians, as a rule, lack a certain amount of confidence and confidence is extremely important in a manager. In a sense, this lack of confidence is the result of a lack of technical competence in certain functional areas; in another sense, it is part of the tradition of people in this part of the world to hesitate to make decisions. Decisions are often made by consensus which is not consistent with the requirements of an effective manager. Another reason is the inability of people in this region to be articulate and, as a result, they are unable to communicate their thoughts to others.

How can we alleviate this problem? This is a very important problem because it concerns a mass of people who presently have management positions in this part of the world. There have been several attempts to solve this problem but there has been no programme developed either by the universities or by the private sector, insofar as Asia is concerned, that is focused on this particular problem of developing an effective manager. So far, what we have been trying to do in training effective managers is through our business administration degree programmes at the universities. This has not been altogether effective because only a few people could be trained and also because this training takes too long a time. At the same time such programmes do not answer the call for continuing education. Attempts have been made through seminars in creating more effective managers. Such seminars do some good but I doubt if they could really be a useful vehicle. Seminars are probably useful in imparting to the participants knowledge in a particular functional area in management but I doubt if anybody could become a really effective manager just by attending a number of seminars. It would be useful if research could be conducted into ways in which we could train an effective manager.

Long

In his paper, Mr. Lim has given us a clear definition of continuing education; Dr. Chin has described in detail the activities of the Malaysian Institute of Management and the National Productivity Centre in Malaysia; and Mr. Sorat has evaluated the products of management schools in Tailand in terms of their actual performance. However all the papers seem to be more concerned with present-day needs rather than with future needs in management. We need to remind ourselves that what we teach our management students today determines the type of managers we will have tomorrow. A sage once said that if we grow a wrong crop we will lose one year, if we grow a wrong tree we will lose ten years, and if we cultivate a wrong man we will lose a hundred years. I would add that if we train a wrong manager we will be in trouble for many years. In fact, we are already in trouble because our predecessors have not given our generation the proper management training. There has been too much of blind acceptance of Western management concepts and techniques without due regard to our own way of life. For this reason, I agree with Mr. Lim that we should take a critical assessment of our past performance in management education and plan for a better future.

Now I would like to offer a "wild" idea. I feel that in order to maintain a certain level of competence, a business manager ought to have a licence to operate just like a doctor has to obtain a licence to certify his competence. I think that this will enhance business management as a profession.

Samonte I happened to be involved in management development for five to six years in the early 1960's and I must say that the insights and observations made at this discussion have been very enlightening and seem to confirm many of the problems we encountered in the course of our work at the Philippine Executive Academy. I am particularly attracted by the broad framework in which Mr. Lim conceptualized management development as a continuing and long-range process of interaction and methods in the development of a man as a manager from the time he leaves the university to the time he attains the highest management position in a company. I would also like to subscribe to the observations of Mr. Ongpin about the problems of management development. I found his analysis very appropriate in terms of our experience in the Philippine Executive Academy

As a supplement, I would like to mention a few aspects of our programme in the Philippine Executive Acedemy. The first is the idea of a close cooperation between the producers and the consumers of management personnel. We have an advisory council composed of high government officials, university professors, as well as top executives in the private sector. In the course of determining the management development needs ,this advisory council was meeting constantly. Actually we spent one year developing our courses of study and the contents and methods of the programme. This programme was for middle-level and top management. The programme structure which we developed was based on the idea that the participants would learn from one another. The Academy merely provided an atmosphere in which they could come for a period of twelve-weeks in a live-in course and reflect on their own experiences using their fellow executives as mirrors by which they could understand better their own management problems in their company. In the selection of the participants, the Academy relied heavily on the recommendations of the heads of companies. In other words, we encouraged presidents of companies to look at their own management development needs and to identify their people of high potentials to be sent to the Academy.

Kanapathy In this morning's discussion we have mentioned top management involvement in continuing education. This is a very important question and more serious thought must be given to it. It is not that we wish to teach top management management education but we must make them aware of the importance of management education. In many of the courses and seminars organized by the Malaysian Institute of Management we do not see enough participation from the middle and small-size companies. Probably this is because of a lack of understanding of the usefulness of continuing management education on the part of management of these companies. Here, I feel that it is important to interest the management of these companies in continuing management education. Once we succeed in interesting the managers of these companies, then we are likely to see a greater participation from these companies in management courses and seminars organized by management associations. It seems to me that this is the sort of strategy that we need to adopt as far as management development programmes are concerned.

Blaise I would like to briefly react to the proposal by Mr. Long about licensing public and private managers. I would be most strongly opposed to anything of this sort. This is a sure way of creating protectionism and allowing mediocrity to rise to the fore and remain there. It would be practically impossible to remove Mr. H of Table I in Mr. Sorat's paper if he has obtained a licence to practise. Many entrepreneurs and managers have become successful not through any formal education and, indeed, going through such formal education could stifle their initiative.

Pan Sothi When we talk about management we talk about two things. The first is man and the second is organization. For two days we have been talking about man — how to produce an effective manager, what sort of management curriculum we ought to have, what teaching methods we ought to use and what teaching materials we ought to have available. We seem to have neglected the organization aspect. By organization I mean the social, cultural and political environment within which a man or manager works. In the Khmer Republic we produce thirty to forty graduates in public administration each year but most of the management tools which these graduates have learned cannot be applied to the work either in the government or in the private sector. This is where I feel that the universities ought to take a hard look at the type of graduates they are producing and to what extent they are relevant for the needs of the society. When we talk about management needs, I am not sure what these needs are. Are they the needs of the intellectual community of the universities, the private sector, the government or are they the needs of the entire society? If we do not produce graduates that are needed by the society then we would have failed. I think it is important to identify the societal needs and to train our graduates to fulfil these needs.

Panglaykim I would like to suggest that the various institutions in this region which are engaging in management education look into the possibility of starting correspondence courses. The reason why I suggest this is that at present the countries in this region are being invaded by all types of correspondence courses from Australia, Europe and the United States. This will especially benefit people living in the non-metropolitan areas.

At the University of Indonesia we have started management development programmes for a number of years. Some people who attend these programmes do so just because of the status attached to it. More recently attending such programmes is a way for a manager to get in touch with a government minister since there are so many university professors who are on the government Cabinet. So you see there can be other motives why a person joins a management development programme in Indonesia.

The fear has been expressed that we must first know the structure of our society before we plan our management development programmes. The argument could be put the other way round. People who are trained in the universities can become a kind of pressure group and an agent of change. So we don't have to wait to find out what the society needs because the society is always changing and we could influence the way the society changes.

Wu We have been talking about management education, the various techniques used, and the problems facing us. I am wondering whether we should also consider the goal of management. This has not been adequately dealt with. Should the goal of good management be an improvement of the quality of life? Maybe we should direct our attention to this question rather than just talk about the techniques of management. We should not lose sight of the larger objective of management which is national development, not only in the economic sense but also in the political and social sense. In the final analysis economic development is toward a social end.

Lim I just want to make one comment in response to Mr. Ongpin. When I mentioned the lack of awareness in management development needs, I was referring to medium and small companies and this is borne out by the comments of Dr. Kanapathy earlier on. I wonder whether Mr. Ongpin's experience in the Philippines also bears this out. We do have good support for the management programmes offered by the Singapore Institute of Management and the Malaysian Institute of Management but this comes mainly from the large companies rather than the medium and small ones.

Ongpin

I think that Mr. Lim is quite correct in saying that the lack of awareness in management development needs is more true with medium and small companies than with large ones. This is because large companies are able to spare the people to attend management development programmes. However, the medium and small companies do recognize the need for management development. The real problem is that they have a small staff and these staff members are too tied down to routine work to find the time to attend management training programmes.

Chairman:

Sriprinya

Let me now close the session by thanking the paperwriters, the discussants and those who have contributed to the discussion as well as those who have listened very patiently during the last three hours.

PART VI

REPORT OF PROCEEDINGS: SUMMARY AND RECOMMENDATIONS

SUMMARY AND RECOMMENDATIONS

Hans C. Blaise

SUMMARY OF PROCEEDINGS

I

The first session dealt with the application of business management skills and techniques in government. Or, rather, as was pointed out during the discussion, and on the basis of the evidence presented by Mr. Sarmiento in his paper, it would be more proper to speak of the application of modern management techniques to government operations.

Although not infrequently modern techniques for analysis and decision-making have been developed in a governmental setting (PERT/CPM was mentioned as an example) it has been in the business sector of Southeast Asia — as in many other parts of the world — that these techniques have been most widely applied and adapted. The management (or decision-making) process, presented so well in schematic form in Mr. Srey Rithy's paper, is fundamentally the same in government and private business. The private sector, however, appears to be ahead of the government sector in many countries in the use of the management tools available for effective and efficient goal achievement.

Several characteristics and tendencies were mentioned that favour the use of modern management techniques in business and others that tend to militate against a similar effort in government. Important among those factors, and one mentioned by Mr. Yuthasar in his paper as well as by several discussants, is the presence of competition in the private business world and the absence thereof in government. For his business to survive the private enterprise manager, of necessity, looks at costs and profits and he constantly searches for ways to improve his business operation. Innovation, change, the search for and response to opportunity, are essential elements in the conduct of business: they are a way of life. Working in a non-competitive environment, the pressure on the government official to optimize in his resource allocations to be efficient, to search for service opportunities, to respond to the consumer, to take prompt action (while not absent) are certainly less strong.

Along with the lack of competition that stimulates change and the adoption of new methods, the lack of incentives or rewards was suggested as a hampering factor in the modernization of government operations. The security of a government position and the knowledge of getting automatic and systematic promotion without this being influenced to any significant extent by the substantive contribution made to the operation of government tend to discourage rather than motivate government officers to make the effort and take the risks involved in bringing about changes in the system, be they changes in management technology and processes or other innovations. It should be noted that the incentives referred to as stimulating innovation are not necessarily expressed in monetary terms. They can be recognition and increased professional status.

Another factor that has a negative effect on innovation in government is the very hierarchical structure that is usually found in government. Delegation of authority and flexibility in the application of rules and regulations is more common in business enterprise than in the government sector. As a result change, motivation and initiation in government needs to come from the top and the younger and well-trained officials frequently have little opportunity to make the contributions they are capable of.

It would be an error to paint a picture in black and white with business standing out as the symbol of virtue, dynamism and modernity. First of all, many business concerns lag behind in the use of analytical and decision-making tools. Second, government is frequently well ahead of business in strategic, long-term planning and in the identification and pursuit of social goals.

What is needed — and this was a thread that ran throughout the workshop — is to bring about more interaction between business and government so that government develops a sense of urgency in its programme implementation work, develops flexibility and uses the skills and techniques of modern management more widely and more effectively, while businessmen learn political skills from government officers and develop a more adequate balance between their private and social goals.

It was suggested that the educational institutions, along with management and professional associations, might create the opportunities and institutional mechanisms to further such interaction.

II

In discussing the ecology of government and business, the paperwriters underlined the fact that there is a growing interdependence between the government and the private sector. While, as Dean Laya pointed out, the goals of government and business are different, government not only uses its policy and action instruments to make the private sector conform and contribute to the national objectives but has also increasingly taken an active part in the economic sphere. Although the manner and degree of government participation in the economy differs among the countries of Southeast Asia, the increased scope of government intervention is a common phenomenon.

The traditional image that government and business have of each other does not always facilitate effective collaboration between the public and the private sector. Professor Wu, with his excellent sense and knowledge of history, showed us how statesmen and intellectuals throughout history have shown a condescending attitude toward businessmen. Dean Laya, on the other hand, referred to the classical ideal of Adam Smith, of a government that limits its role to supporting commerce and industry and the not uncommon resentment of the business community to any government-imposed impediments to the pursuit of business objectives.

Several speakers recognized the changes used to bring about better coordination and collaboration between government and business in the furtherance of national development. On the one hand, government needs to adapt its processes and must extend its management capability to deal with the magnitude and complexity of the new tasks it is facing. Government officials must also, as Mr. Nikorn Phankongsy pointed out in his paper, give up their "mandarinal" attitude. Business, on the other hand, must become more sensitive and responsive to national development planning and social objectives. Both government and business must learn to cooperate with each other and develop effective mechanisms to that end. The experience of the Philippines, where the private sector is represented on the Economic Development Council, is an example of possible collaboration. Dr. Kanapathy's proposal to form a confederation of private commerce and industry associations to consult with government could be another approach to effective coordination.

Professor Selo Soemardjan, supported by several other speakers, pointed out how important it is to create an adequate balance between political and economic development. Where political objectives of a government are given an overriding emphasis economic development becomes of secondary importance and may, in fact, suffer. Excessive or one-sided emphasis on economic development, on the other hand, may lead to a neglect of nation building and political development to the extent that it may endanger sound national development in the long run.

The papers and discussions made it clear that the ecology of both government and business is changing. There is a need for more effective and positive collaboration between the public and private sectors. An adequate balance must be found between economic, social and political development and this is a shared responsibility of the private and public sectors. Finally, an increasing pool of managers who can deal with complex systems and their inter-relationship is needed.

III

The presentations and discussions on the desirable attributes of the development administrator were focused on the public enterprise manager. There was no general agreement on the extent to which public enterprise was a desirable feature in the countries of Southeast Asia. Mr. Pillay advocated a strictly limited role for public enterprise while Col. Somchai listed a long set of reasons why governments may choose to establish state enterprises in a variety of fields. Regardless of the *pros* and *cons* of different kinds of public enterprise (a question that was beyond the scope of this workshop) it was generally recognized that the recent trend of creating state enterprises that produce goods and services (some of them in direct competition with private companies) would continue to be a fact of life in several Southeast Asian countries.

Inevitably the listing of the desirable attributes of the manager were somewhat utopian, the search for an ideal type that can seldom if ever be found in the real world. Yet, a number of significant requirements were identified and some very sound observations were made about the degree of suitability of a senior civil servant for an executive position in a state enterprise. Most significant on the plus side of a civil servant moving into a key role in a state enterprise, as Dr. Yip pointed out in part, is that government will have confidence in his loyalty, his trustworthiness, his understanding of government operations, and his dedication to the goals and objectives of the national government. All these factors will most frequently lead to the selection of a civilian or military government officer. The paper-writers, however, pointed out a number of attributes that, directly or indirectly, brought into question the suitability of a government official to lead a goods- or services-producing organization.

Col. Somchai pointed to the strict authority and hierarchical structure as well as the careful adherence to rules and regulations to which the civil servant (and especially the military officer) is used. This habit of many years may not serve him well as the manager of what is essentially a business enterprise where flexibility, expedient adjustment to changing conditions and a large amount of independent initiative at all levels is called for. Then, the concept of time and speed of action tends to be different in most government agencies from the requirements of an industrial enterprise. Being decisive and thus taking risks in the face of limited information is another attribute that is much more part of the nature and habit of a businessman than it is of a civil servant.

To compound the odds stacked up against a civil servant in his new role as an enterprise manager are, as Mr. Pillay states in his paper, his usual unfamiliarity with the hiring, firing and disciplining of his staff, his lack of experience in financial analysis, and his inexperience of marketing his product in a competitive environment.

Good managers, it was pointed out, are scarce in both the public and the private sector. Whatever the odds for or against successful performance are, governments have to work with the available pool of manpower and will tend to select their own men to head up state enterprises. To make those managers effective several steps were recommended: (i) to design systems that will facilitate the effective and efficient operation of state enterprises, (ii) to recognize the desirable characteristics of a manager and select people accordingly, and (iii) to provide training or "recycling" of government officials appointed to state enterprise management position, emphasizing those areas in which people can be trained and where previous experience is lacking. Until the present, both public and business training and research institutions have paid little attention to the field of public enterprise. This is an important area for joint action by public and business administration schools and institutes.

IV

In his paper on management education, Dr. Sriprinya states that "management is not well-defined and accepted as a profession". This lack of a clear agreement about what constitutes the unique professional philosophy, capability and therefore training and education requirements of a manager was apparent from the variety of needs, approaches and course contents presented during the discussion. If one wants to be unkind it could be stated that there was considerable confusion about the goals, methods and contents of management training. Being more charitable — and probably more accurate — one could say that the field of management education and training is so vast and complex that a variety of approaches is defensible and even desirable.

Among the outstanding issues was the recognition of the need to examine and develop the relevance of management education to the Southeast Asian and even the specific national environment. Too often the courses and course materials are inadequately adapted to the local scene. Too little attention is paid to the socio-cultural environment in which the managers function. Too frequently staff members of a school or institute of management trained abroad find it difficult to transfer their knowledge to their home country, possibly because the knowledge they have acquired does not or cannot yet apply to the conditions in their country. Professor Panglaykim seemed to strike a responsive chord among the workshop participants when he suggested that more basic and applied research on management within the region was needed when he proposed the creation of a Regional Business Research Centre.

As yet, according to Dr. Kanapathy, the dimensions of the management requirements in the region are not known. A survey of the needs and ways to serve them is indicated. The creation of National Management Education Councils, possibly coordinated in an Asean Management Education Council, is seen as a potential instrument for the improvement of management education.

With the emphasis on top executives and their training, the concerns of both smaller size enterprises and of the small entrepeneurs seem to receive inadequate attention. Several participants felt that more emphasis needs to be placed on this group.

In education and training, as in the other topics discussed, there was agreement that closer cooperation between business and public management is feasible and desirable. Already several training institutes offer courses in which both public and private managers participate. The offering of some common courses to students of business and of public administration was suggested. This would encourage a dialogue and common outlook on the part of young men and women even before they move into their careers in the respective sectors.

The education process must be a continuous process, related to the real world around us. This means several things. Teachers of management should seek and be offered opportunities to engage in consultation and if possible spend periods within government or industry. Students should get practical experience as part of their education. Managers need regular retooling to prepare them for changing or increased responsibilities. Cooperation must be developed among universities, management associations, training institutes and others to assure that the multitude and variety of needs for basic and continuing management training of both the public and the private sector are adequately met.

V

Building on Professor Samonte's earlier theme that those who consider their education finished are finished but not educated, the papers on continuing education stressed the crucial importance of the on-going development of the manager. Both Dr. Chin and Mr. Lim pointed to the useful distinction between *education* as concerned with knowledge, concepts and attitudes and *training* as having skills and techniques as the primary focus. Somewhere in between is management *development* that is the sum total of knowledge, concepts, attitudes, skills, experience and the gradual and planned progress of a manager throughout his career.

The great importance of focusing on the manager as a "whole man" whose success and usefulness to an organization is determined not only by his knowledge and technical skills but also by his analytical abilities, his communication skills, leadership and behaviour characteristics was clearly demonstrated in Mr. Sorat's paper. It was suggested that educational institutions, and probably a number of training programmes, do not always pay sufficient attention to, or are not always effective in, the development of those attributes that make the difference between an administrative technician and a manager and leader.

To further the systematic training and development of management personnel a number of steps seem indicated:

(i) The clear identification of training needs, both quantitatively and qualitatively at all levels within organizations and on a national basis.

(ii) The definition of training and development objectives without which the determination of methods and contents of training is impossible. In this regard the trainers need to work closely with the companies and organizations that are the consumers of their product.

(iii) Gaining interest and support from top executives.

(iv) Follow-through and feedback to ensure that the training is relevant and has an impact on the man and his organization.

(v) Effective coordination among the variety of producers and consumers of management education and training to assure the best utilization of the scarce training and development resources.

Particularly significant, as pointed out repeatedly by Mr. Pan Sothi during the workshop, is attention to the environment or systems in which the managers function. An unreceptive or unprepared system may not be able to absorb adequately even the most skilled and knowledgeable manager. Perhaps one of the emphases of management experts should be on bringing about system changes in society and on training current and future managers to serve as change agents.

RECOMMENDATIONS

(i) Not surprisingly (considering their background and interest) the participants of the workshop concluded that management is a crucial — if not the most critical — element in achieving economic and social development.

(ii) It is not enough to pat ourselves on the back about the contribution we are making toward national development and to convince each other how urgent is the need for more and better work in our field of management development. As teachers and practitioners of management we are, or should be, concerned with planning and implementation. What will we do differently when we return home from this workshop?

(iii) It is suggested that the regional workshop on management education for national development be followed by "echo seminars" on the national level. In these echo seminars it is hoped that key public and private sector executives as well as representatives of management associations, education and training institutions will participate. The seminars could help to identify the current and future management needs and problems, to determine the institutional resources required to serve the needs, and to design plans for the development of the country's management cadre.

(iv) The national follow-up seminars could result in the creation of National Management Development Councils to guide the continuing analysis of the country's management capacity requirements and to explore and design ways to improve management performance.

(v) In this workshop we have torn down the wall that has traditionally separated public and private management. Through our educational institutions, professional associations, management institutes and in our own professional work we can help to establish actual linkages and consultation between government and private sector managers. In view of the continuing misunderstanding and distrust that still prevail among government officials and private enterprise managers of each other, we are faced with the missionary task of bring together managers of all sectors in the interest of both management and national development.

(vi) It is recommended that, through the joint effort of experts in public and business management, we search for ways to motivate government officers to introduce change and modernization into their organizations. In the business sector competition and the incentives of rapid promotion and financial remuneration provide the motivating force behind innovation. In the absence of competition and certain of the business enterprise incentives, what can be the alternative stimulants for change in government?

(vii) There appears to be an urgent need for research and analysis in the field of management. Southeast Asians must have the confidence in themselves to depart from advanced country models if there is reason to question the relevance of those models to the socio-cultural environment of the countries of this region. There is a need to develop a philosophy of management and substantive knowledge that is pertinent to Southeast Asia. Such a philosophy and such knowledge can only be developed through basic and applied research. In addition to research at national management institutions, Professor Panglaykim's suggestion to create a Regional Management Research Centre deserves serious consideration.

(viii) Particular emphasis should be placed on two areas of management which thus far have received scant attention, namely, (a) the management of public enterprises, and (b) offering management guidance and training opportunities to small-scale entrepreneurs.

(ix) We should heed Professor Wu Teh-yao's admonition that management is not an end in itself, anymore than that economic development would be an end in itself. Our concern is with improvements in the quality of life and with the full utilization of the human potential. This orientation has significant implications for our approach to the field of management and of management development.

PART VII

DEVELOPING MANAGEMENT COMPETENCE

DEVELOPING MANAGEMENT COMPETENCE *

Hans C. Blaise

> Government has ceased to be merely the keeper of the peace, the arbiter of disputes, and the provider of common services. For better or worse, government has directly and indirectly become a principal innovator, a major determiner of social and economic priorities, the guides as well as the guardian of social values, the capitalist and entrepreneur or subsidizer and guarantor of most new enterprises of great scale.[1]

In the decade of the 'seventies management[2] competence could well prove to be one of the most critical of the scarce resources in developing countries. More progress has been made in the area of development planning competence than is true for the ability to implement development projects. The technological and professional knowledge and skills in fields ranging from family planning and education to agriculture and industry have developed faster than the management competence necessary to design and carry out action programmes. Although the shortage of personnel with management skills is found in both the public and the private sector, it is in the public sector that this shortage is particularly acute. A recent meeting of economic planners of the ECAFE region was only one of the many occasions where reference was made to the "implementation gap", to the inadequacy of translating plan targets into effective means of carrying out development programmes and projects. At the meeting the lack of administrative capability was cited as a major obstacle to target achievement.[3]

* **Editor**: This paper by Dr. Hans C. Blaise originally appeared as a background paper for the RIHED Workshop on "Management Education in Southeast Asia" held in Penang on 3-5 February 1972. Because of its relevance to the present workshop it has been reproduced here.

[1] Frederick C. Mosher, "The Public Service in the Temporary Society", **Public Administration Review**, Vol. XXXI (January/February 1971), pp. 48-49.

[2] Both in usage and in the literature the terms "management" and "administration" tend to be used interchangeably. There is, however, a difference in connotation. Management implies direction and the ability to influence and/or control the organization and its environment. Administration, derived from the Latin word **ministrar** (to serve), implies a more passive role. In this article an attempt has been made to use the term "management" consistently for references to strategic decision-making and administration for references to the technical and support functions in the operation of organizations.

[3] United Nations, Information Service, Bangkok, Press Release No. G/153/71, 10 December 1971.

It can be suggested that the field of public administration has been a neglected area in the development efforts of most countries. Schools of public administration, government training institutes and centres have mush-roomed in the developing countries over the past two decades. Hundreds of foreign experts have assisted developing country governments in their administrative reform efforts.[4] Yet the results of the government reform and modernization efforts are on the whole disappointing, the actual contributions of most of the schools of public administration to the improvement of performance in the public sector has at best been marginal, and government agencies continue to have a severe shortage of management personnel capable of guiding development programmes and projects to their effective completion. The government services of most countries still have a long way to go to develop the capability required to perform the innovative and entrepreneurial role referred to in the above quote from Frederick Mosher.

It will be suggested here that there is a need to re-examine the concerns of public administration as a professional field. To make a more viable and significant contribution to the development efforts, more attention must be devoted in public administration research, training and consultation to the actual management problems, processes and techniques of substantive government programmes. "In plain language, the focus of action in development administration must be upon actual development programmes."[5] I do not want to go into the somewhat sterile argument about the difference between public administration and development administration here. I do want to suggest, however, that scholars and practitioners of public administration need to focus much on the management of concrete programmes in agriculture, education, family planning and other critical development areas than has been the case in the past. Although the ideas expressed here are primarily based on my observations in Southeast Asia, many of the points made will apply to other parts of the world as well.

[4] Milton J. Esman and John D. Montgomery in "Systems Approaches to Technical Cooperation: The Role of Development Administration", **Public Administration Review,** Vol. XXIX (September/October 1969), state on p. 514 that public administration projects in the AID programme "have represented only 7 per cent. of technical cooperation expenditures in recent years". They add, however, that "it is impossible to estimate the undesignated public administration component of projects listed in education, public works, health, and similar substantive fields". According to the **Public Administration Newsletter,** United Nations, New York, Department of Economic and Social Affairs, Public Administration Division, No. 41 (September 1971), p. 13, the UN's 1970 obligation for technical cooperation activities in public administration was US$4,172,604.

[5] United Nations, **Public Administration Newsletter,** No. 36 (January 1971), p. 9

ADMINISTRATION AS AN END IN ITSELF

On the surface, the statement that administration is a means to an end sounds like stating the obvious. One's immediate reaction to this statement would almost certainly be that "obviously" administration is a set of functions, processes, and techniques for the accomplishment of the objectives and targets of an organization. Yet, if we look at the reality of the concerns, the research and writings, the teaching and professional activities of those who are considered professionals in the field of public administration, then we frequently find that their focus is on administration *per se*, without any direct relationship to substantive action programmes. When we examine the curricula of public administration schools and training institutes we find that the teaching is almost entirely devoted to administrative functions (e.g. personnel management, financial administration), to administrative procedures and techniques (office management, O & M) and to an understanding of the administrative culture (the bureaucracy, organization behaviour, the political system, etc.). More recently the analysis of the policy-making process has become an additional popular area. By far the majority of the education and training programmes devote little attention to the integration and application of the administrative functions and techniques to the management of actual substantive operating programmes. To a certain extent, therefore, it can be said that the emphasis in education and training is on the means, and that the means-ends relationship that is only evident in the examination of the application of the administrative functions and techniques to concrete action systems receives little attention. One might say that public administration research and teaching suffers from "horizontalism", from an excess of concern with the internal elements of administrative structure, processes, and techniques and a lack of emphasis on the "vertical" dimension of the management and operation of social and economic programme areas.

Not only at public administration education centres but also in professional practice administration specialists have concerned themselves more with administrative forms and practices than with the application of knowledge about administration to government action programmes. A clear example of this can be found in the foreign technical assistance programmes of the UN, of AID, and of foundations. Ten years ago, Weidner pointed out in an article that "very little interest has been shown in functional ministries by the administration experts attached to foreign assistance project".[6] Eight years later, Esman

[6] Edward W. Weidner, "Development Administration: A New Focus for Research", in Farrell Heady and Sybil L. Stockes (eds.), **Papers in Comparative Public Administration**, Ann Arbor, Michigan, Institute of Public Administration, The University of Michigan, 1962, p. 102.

and Montgomery stated that "the public administration groups in AID have had only minor influence on the important administrative component of . . . substantive projects [in education, public works, health and similar fields]".[7] The emphasis of the public administration specialists has been on broad administrative reform and on the introduction of new technologies like personnel classification systems, PPBS, and the like. Seldom have they been focused on the analysis, design and guidance of the administrative structures, processes and techniques that would further the implementation of development programmes in a given programme area.

A well-known phenomenon in bureaucratic organizations is "goal displacement", which occurs when "adherence to the rules, originally conceived as means, becomes transformed into an end in itself".[8] The public administration literature is full examples of this tendency among cautious government officials who, by dogmatic compliance with the established norms and rules, protect themselves and their position, even while in the process they block attempts at innovation and may severely hamper the pursuit of the targets and objectives of their organization.[9] It would appear, however, that the very scholars and professional experts in public administration who have analyzed and bemoaned the "goal displacement" tendencies in the public bureaucracy have themselves contributed and continue to contribute to this evil.

The displacement of goals does not only take place when the bureaucratic norms and rules, the proscriptions in the General Orders, become more important than the values and purposes for which an organization was created. It can equally result from a narrow focus on functions and techniques in administration, divorced from the reality context of specific organizations and programmes. Weidner has said that "public administration has glorified the means and forgotten the ends. Goods administration and good human relations have become ends in themselves, quite apart from the achievement of other values that they may or may not facilitate."[10] In other words, "goal displacement" is not only expressed in the rigid adherence to rules by the officials of organizations, it can also be found in the functional and technological focus of the public administration experts.

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[7] Esman and Montgomery, **op. cit.**, p. 514.

[8] Robert K. Merton, **et al.** (eds.), **Reader in Bureaucracy**, New York, Free Press, 1952, p. 365.

[9] See e.g., B.B. Schaffer, "The Deadlock in Development Administration", in Colin Leys (ed.), **Politics and Change in Developing Countries**, London, Cambridge University Press, 1969, p. 419; and Anders Richter, "The Existentialist Executive", **Public Administration Review**, Vol. XXX (July/August 1970), p. 419.

[10] Weidner, **op. cit.**, p. 103.

A factor that has contributed to the concern of public administrators with the internal functions and processes is the perception of the role of the public servant. The idea that the public servant's primary if not exclusive concern is with the implementation of programmes, with faithfully carrying out the policy decisions of their political masters frequently still prevails. In the 1967 edition of their famous textbook, Pfiffner and Presthus still define public administration as "the coordination of individual and group efforts to carry out public policy. *It is mainly occupied with the routine work of government*" (emphasis added).[11] The same idea I have often heard expressed in university lecture halls and at conferences in developing countries.

The practising higher civil servants are fully aware of the influence they can and do exert on both policy and programme decisions of government. Decisions on basic objectives and the final decision on policy and programme matters may not be theirs. Political leaders could not function, however, without the strategic planning by career civil servants of economic and social programmes that will further basic objectives, without their creative and systematic analysis of action alternatives, and without their calculation of probable consequences of action alternatives.

The clear separation of policy and administration is a myth and the concept of public administration as being primarily concerned with the routine work of government a dysfunctional orientation. It is both realistic and more positive to recognize that the public administrator has an entrepreneurial and managerial role in government, albeit that he is bounded by the policy determination and decision-making powers that are vested in his political superiors. The creative, entrepreneurial and decision-making role of the public administrator as a manager warrants more attention than it has had in the past. This is particularly important with regard to the planning and management of economic and social development programmes.

THE CONTRIBUTION OF MANAGEMENT SPECIALISTS

As stated earlier, public administration experts have not shown much interest in the management and administration problems involved in the operation of substantive development programmes. Very little research has been conducted on the administrative aspects of programmes in fields like agriculture, health, education, etc.[12] Given the lack of attention paid to programme administration and lack of demonstrated capability of public administrators in solving the concrete management problems faced by officials responsible for carrying out action programmes in these substantive fields, it is not surprising that "those of us who have a vested interest in public administration technical assistance have not been able to convince those who exercise 'real bureaucratic' power that we have a valid body of knowledge which is useful in the development process".[13] In theory, it is certainly true that a "highly skilled specialist in some profession is not *ipso facto* a good administrator".[14] It is, however, up to the public administration specialist to demonstrate that he is capable of making a unique and relevant contribution to the functioning of an organization in a given field. He must be able to show in practice that his contribution will help the man who is responsible for getting results in his programme area, and who may not himself have any specialized knowledge about administration.

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[11] John M. Pfiffner and Robert Presthus, **Public Administration**, 5th edn., New York, The Ronald Press Company, 1967, p. 7.

By far the majority of organizations, departments and agencies are headed by people whose professional preparation has been in a field other than administration. They may be lawyers or doctors, engineers, educators or history majors. It would be unrealistic to aspire to having all management and administrative positions become the exclusive domain of those who are professionally trained for such positions. Apart from, or even more than, functioning in an management capacity as such, the management specialist can render staff assistance and consultative services to the managers and administrators who are responsible for organizations, departments and programmes but whose formal training in administration and management is limited.

Clearly, the management professional must have a demonstrable substantive competence, a unique body of knowledge that the *de facto* manager is convinced will help him to solve the problems he faces. If the head of an agricultural extension service, of a family planning organization, or of an economic planning department fails to call upon the services of a public administration specialist, then this is not necessarily because these executives are too proud or that they fail to recognize the needs of their organization. Even executives who have

[12] Weidner, **op. cit.**, p. 102.

[13] Garth N. Jones, "Failure of Technical Assistance in Public Administration Abroad", **Journal of Comparative Administration**, Vol. 2 (May 1970), p. 5.

[14] George F. Gant, "A Note on Applications of Development Administration", **Public Policy**, Cambridge, Mass., Harvard University Press, 1966, Vol. XV, p. 205.

called on the advice of lawyers, economists, and statisticians may not call on management and administration specialists to assist them in the analysis of their management problems. And, if they call on such an expert, it is more likely to seek advice on a limited technical problem like record keeping or personnel practices. Could it be that the public administration profession has thus far failed to show that it has the capability to contribute to concrete problems of programme management?

PROGRAMME MANAGEMENT

Both expertise and recognition can be gained if the public administration fraternity would systematically focus its attention on programme management. By programme management I mean the planning, design and operation of action systems for the pursuit of specified objectives. It involves the making of allocative decisions or choice among alternatives structures and processes of action. This, in turn, requires the systematic collection and analysis of pertinent data for decision-making. In programme management, the administrator continues to be concerned with functional areas like personnel management and financial administration, but he will analyze and apply his knowledge about administrative functions, as well as his knowledge about administrative techniques, about organization behaviour, etc. to the problem at hand of achieving results in family planning organizations, in public works programmes, in crop diversification programmes and the like. "The problem in development administration" as Weidner states, "is to get results, not how to conform to a predetermined set of criteria of rationality."[15] Public administrators may have been overly concerned with "across-the-board changes", with drastic changes in personnel practices of the entire civil service, with the reorganization of whole ministries if not the entire government.[16] Their contribution to economic and social development may be more effective if they concentrate their efforts on "a few large or otherwise important projects or programmes and concentrate on improving administration to the extent required to facilitate the preparation, execution and operation of these projects and programmes".[17]

Any development programme or project requires the coordination of many resources. Physical resources must be available at the proper time and place. Alternative allocations among programme elements must be considered to determine the optimum combination to achieve

[15] Weidner, **op. cit.**, p. 105.

[16] Albert Waterston, **Development Planning: Lessons of Experience**, Baltimore, Md., John Hopkins Press, 1965, p. 285.

[17] **Ibid.**

the desired results. The activities of any specialists and professionals need to be coordinated. An effective communication system must be set up both to guide action and to provide the data necessary for planning, monitoring and evaluation. All of this must take place not in an abstract world of administrative rationality, but in the real world of specific programmes with specified goals and objectives as the desired end-state.

The question may legitimately be asked whether the engineer is not better prepared to decide on the management and resource allocation decisions of a highway construction programme than someone whose professional preparation is in administration. Or, it may be asked whether a physician is not better qualified to make decisions regarding a family planning programme than is a management specialist. The answer to this can be given in three parts:

(i) There is an increasingly extensive, complex and precise body of knowledge about the elements, methods and techniques of analysis and decision-making relevant to the structuring of an action system designed to pursue social and economic objectives. The management professional has acquired this specialized knowledge and is able to make a unique complementary contribution to the technical and professional considerations that guide the choices and decisions made by engineers, physicians and other professionals in their work.

(ii) The programmatic considerations going into the planning and execution within any given substantive area are not limited to the professional elements for which the engineer, the agronomist, the physician or educator have been trained. Any action programme requires the coordination and reconciliation of professional inputs provided by people with a variety of professional skills and backgrounds. Thus, the family planning organization manager has to integrate and reconcile the contributions to the programme made by communications and promotion specialists with those of physicians operating clinics. The highway programme manager must relate the legal and financial aspects of land acquisition to the construction requirements. The professional manager, if he is well prepared, is qualified to guide the analysis of these multiple professional contributions, to determine the manner in which the various inputs and activities can be coordinated over time to optimize resource allocation and target achievement.

(iii) Frequently, development projects are not ends in themselves, they are means to an end. To the highway engineer, the target or end-product of a road construction project is likely to be the physical construction of the road. To the development planner, however, the construction of that road is an improvement in the means of communication, providing access to the market for farm products, stimulating the geographic distribution of industrial production, or whatever the ultimate objective may be. Programme management in terms of development administration, contrary to the more intermediate concerns of the highway engineer, involves analysis and action design of any project in the context of the larger system and the ultimate rather than the intermediate objective. Thereby, the development administrator engaged in programme management will provide not only the internal management and coordination guidance for the execution of programmes and projects, but also link these programmes and projects to related programmes and activities, to a system of interdependent projects that in their complementarity lead to the desired results.

THE "INTEGRATIONIST" ADMINISTRATOR

The above are three significant areas in which public administration, through a focus on programme management, can make a more significant contribution than it has made to the development process in the past. What is called for in development administration is what Bertam Gross has called "integrating generalist".[18] Gross referred to that breed of administrators as people who "are looked to for skills not only in communication and compromise, but in the integration of divergent interests. They are expected to understand the organization's broad environment as well as, or even more than, its, internal workings. They are expected to know enough about the relevant techniques to enable them to understand, evaluate, and coordinate the activities of many specialists and professionals".[19] The term "integrating generalist", which Gross uses to distinguish the new administrator from the traditional "gentleman generalist",[20] is somewhat misleading. Gross is certainly not using the term "generalist" in the sense of an erudite person with a broad, general liberal arts education. An example of what he means by "generalist" is given in a recent UN publication, prepared by him and a number of his colleagues. In that publication it is stated that "the development administrator requires a thorough working knowledge of his own society in all its principal dimensions" and continues to list no less than sixteen of those "dimensions", ranging from agriculture and business to labour, natural resources, religion, science and technology.[21]

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[18] Bertram R. Gross, "The Administration of Economic Development Planning: Principles and Fallacies", **Studies in Comparative International Development**, St. Louis, Social Science Institute, Washington University, 1967-8, Vol. III, No. 5, p. 92.

[19] **Ibid.**

[20] **Ibid.**

It is unquestionably true that the complexity of the development process as such, the scientific and technological advances made in health, agriculture, engineering, etc., as well as the technological advances in the field of management itself are rapidly changing the character and the knowledge requirements of managers. The professional manager of the '70's needs to develop the skill to discern the administrative elements and requirements in substantive programme areas with the professional and technological content of which he is at best vaguely familiar. He must have the ability to design the most appropriate interaction among dissimilar professional fields, each with their own requirements, preferences and priorities. He must be master of the analytical methods and tools that will make it possible to construct an effective action system. He must be able to analyze, guide and design the interdependencies of his own project or programme with those operating in the environment. Using the term in a somewhat different manner from the way it is used today, one might say that the manager of development programmes needs to be a systems analyst and systems manager.

PROFESSIONAL EDUCATION

At this time, particularly in the developing countries, there is neither the systematic knowledge available, nor are there the training programmes needed for the kind of management specialists referred to. There is an urgent need for scholars and researchers in administration to analyze the management and administration dimensions of substantive action programmes. Although management specialists correctly hold that the functions and processes of administrative analysis, decision-making and design do not vary fundamentally from one area of activity to another, there are yet technological and action requirement differences between, for instance, an agricultural extension service and a public works department. Only a series of analyses of action programmes in the respective specialized fields will provide the management specialists with the insights and the substantive knowledge required to render effective services to the different professional areas.

With regard to education and training, considerably more emphasis will need to be placed on the development of the ability to apply the functions, methods and technology of administration to substantive programme areas than is presently the case. For one this means the teaching of programme and project management, both with regard to training in programme management for development fields of particular importance, and as a general approach to the analysis and design of administrative action required in the planning and execution of development programmes. This teaching needs to be related to actual cases and situations. It must be a practical approach exposing the students to both case analyses and exercises in the application of analytical methods, in decision-making, in organization design, in the design, in the design of management information and reporting system, etc. Programme management should be taught as the integrating entity in which the various elements, functions and techniques of administration are brought together in an action system.

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[21] United Nations, **Appraising Administrative Capability for Development**, New York, United Nations, ST/TAO/M/46, 1969, p. 49.

The management education and training to be provided is necessarily of different kinds and at different levels. It is not enough to think only in terms of the university-level programmes that offer courses leading to a degree in public administration. In reality, the schools, institutes and departments of public administration in all countries supply only a small percentage of the management personnel in the public sector. The development of management competence needs to be carried out through three kinds of programmes:

(i) Within university-level programmes in public administration;

(ii) In connection with in-service government training programme for management personnel; and

(iii) As part of the education and training programmes for professionals in fields like public health, education, public works, agricultural services and other government programme areas in which substantive programme specialists tend to assume management responsibilities.

It is up to the faculty members at the schools and institutes of public administration to develop and demonstrate their competence in programme management. Thereby, the schools of public administration and their staff members will be in a better position to prepare the managers and management specialists of the future. As schools and through their graduates they will also serve as a resource for management training personnel for in-service training programmes and for developing the management competence of substantive programme specialists.

MANAGEMENT TECHNOLOGY

As a corollary to the emphasis on programme management, in fact, as, an indispensable part thereof, public administrators need to develop their competence in handling the analytical and decision-making techniques available to modern management. Even those who favour the introduction of sophisticated management technologies have argued that its introduction into the developing countries must be done with great care because "implicit in these technologies are attitudes toward the value of time, the integrity of objective data, the quality of interpersonal and intergroup relationships. . ."[22] There is a great deal of truth in this statement by Esman and Montgomery. The same, however, applies to many of the modernizations that have been introduced into the developing world, from the modern factory to the birth control pill. In actual fact, there has also been a noticeable reluctance on the part of schools of public administration in the US to introduce modern management technology into their education programmes. The schools of business administration are the centres where modern management techniques have been developed and where they have become an important ingredient in the education programme.

My personal observation of management education and practices in Asia indicates that management technology is increasingly applied to business management, but is still rare in public administration. In each of the six Asian developing countries with which I am most familiar one or more of the schools business administration teach systems analysis and related subject matter in analysis and decision-making. In not one of those countries do the schools of public administration count a specialist in modern management technology among their faculty members. In a way this is not surprising. The major schools of public administration in all those six countries were established with the technical assistance of similar schools in the US. As far as I have been able to ascertain, only one of six US technical assistance projects at schools of public administration with which I am familiar in Asia had one technical assistance team member for a two-year period with specialized knowledge in management science. Moreover, most of the programmes of the schools of public administration that were responsible for rendering the technical assistance did not themselves have any courses in management technology at the time the assistance was rendered.

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[22] Esman and Montgomery, **op. cit.**, p. 518. We want to note, however, that Esman and Montgomery basically appear to agree with the need for emphasis on programme management and management technology. They recommend a strengthening of American assistance in public administration by "(1) de-emphasizing projects which aim solely at transferring auxiliary administrative techniques; (2) linking administration and applying modern management concepts and methods directly to the planning, organizing, and management of substantive action programmes; and (3) drawing more liberally on the expanding body of knowledge and research now available in development administration" (p. 514).

Analytical techniques, including quantitative analysis, are an indispensable tool of programme management. This does not mean just offering a course in statistics or mathematics. The quantitative methods and techniques are only tools. They must be taught in such a way and to the extent that they are necessary and useful to the manager. A mere course or two in statistics, without the simultaneous use of this analytical tool in other courses does not serve much purpose. Similarly, systems analysis and computer utilization are only tools and techniques. They are only useful and significant as they are applied to real-life situations. A danger arises when sophisticated technology becomes an end-in-itself. And here we are back to what was said earlier in this paper about administrative form, functions and techniques being ends in themselves. "Goal displacement" can just as readily be found in the gadgetry of modern management technology as it can be found in rules and regulations. This, however, does not negate the usefulness of either administrative rules and regulations or management technology.

CONCLUSION

The extent to which the development aspirations of nations are reached and plan targets are accomplished depends largely on the management capability and entrepreneurship found in government departments and semi-government organizations. "For better or worse" — as Mosher puts it — government is the principal innovator, major determiner of priorities, capitalist and entrepreneur in the development process. Yet, as Hahn-Been Lee and Abelardo Samonte state in the introduction to *Administrative Reforms in Asia*, "in this era of change, the discipline and practice of public administration in Asia has not been marked by imagination and adaptibility . . . it suffered from a narrow image of being only an instrument for the maintenance of the existing system of law and order . . . [and] public administration has been too often divorced from the change in the larger society within which it operates".[23] Unquestionably, this same statement could be made for other parts of the world as well.

There is no simple prescription that would lead to a more dynamic, entrepreneurial, responsive and responsible government bureaucracy. Attitudes, habits, and patterns formed over generations, and frequently being remnants of a colonial era and a society in which government had a much more delimited role, are not changed easily. In the preceding pages, only one possible and partial approach to the improvement of management within government has been suggested, namely a focus on and development of competence in programme management. I have suggested that the emphasis on programme may hold more promise for administrative improvements in general and for the planning and execution of development programmes in particular than continuing attempts at fundamental, government-wide reforms. The approach is partial because programme management itself is constrained by the conditions and rules that govern the larger system of which a public sector programme is a part. Nevertheless, improved management competence will enhance the administrative planning and execution of development programmes in key areas and the analysis of the programme management requirements will help to highlight the specific weakness in the larger system that hamper effective programme execution.

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[23] Hahn-Been Lee and Abelardo G. Samonte (eds.), **Administrative Reforms in Asia,** Manila, Eastern Regional Organization of Public Administration (EROPA), 1970, p. 1.

It has not been the intention to imply that all public administration education should be directed toward programme management. Certainly there continues to be a need to prepare functional specialists in personnel and financial administration, etc. Similarly, policy analysis and the other current concerns of public administration remain important. I suggest, however, that has thus far been a lack of emphasis on strategic decision-making and on the management requirements of substantive programme areas in the study and teaching of public administration. Adding this dimension to the concerns of the field of public administration will be significant addition to the capability of public administration as a professional field and, thereby, contribute to the effectiveness of government operations.

In the foregoing I have argued that the public administration professionals must sharpen their tools of analysis and demonstrate more clearly the contribution they can make to the design of action systems, to the allocation of resources within those systems, to the coordination of the activities and contributions of many different professionals engaged in action programmes, and to the linkage of programmes and organizations with the environment. Only by developing unique and distinct professional competence that are viewed by decision-makers and operating heads of organizations and programmes as contributing to the achievement of their objectives will the public administration specialist be able to play a viable and possibly vital role in the development process.

PROGRAMME OF WORKSHOP

Tuesday, 15 August

9.00 a.m. — 9.30 a.m.

Official Opening

Welcome address by Dr. Yip Yat Hoong,
Director of RIHED

Opening address by Mr. Hon Sui Sen,
Minister for Finance, Singapore

10.00 a.m. — 1.00 p.m.

Session I: "Applications of Business Management Skills and Techniques in Government"

Chairman: Dr. Yip Yat Hoong (RIHED)

Papers presented by:

1. Mr. Srey Rithy (Khmer Republic)
2. Mr. Silvestre Sarmiento (Philippines)
3. Mr. Yuthasar Na Nagara (Thailand)

Discussants:

1. Drs. Aminin Honggodjojo (Indonesia)
2. Dr. V. Kanapathy (Malaysia)
3. Mr. Pho Ba Long (Vietnam)

2.30 p.m. — 5.30 p.m.

Session II: "Economic Development and Social Responsibility: the Ecology of Government and Business"

Chairman: Prof. Abelardo G. Samonte
(Philippines)

Papers presented by:

1. Prof. Selo Soemardjan (Indonesia)
2. Mr. In Sophann (Khmer Republic)
3. Mr. Nikorn Phankongsy (Laos)
4. Dr. Doh Joon Chien (Malaya)
5. Dr. Jaime C. Laya (Philippines)
6. Prof. Wu Teh-yao (Singapore)
7. Mr. Pho Ba Long (Vietnam)

Discussants:

1. Mr. Roberto Ongpin (Philippines)
2. Dr. Sriprinya Ramakomud (Thailand)
3. Dr. Young-whan Hahn (TDI)

Wednesday, 16 August

9.00 a.m. — 12.00 p.m.

Session III: "The Desirable Attributes of a Manager/Development Administrator"
Chairman: Prof. Selo Soemardjan
(Indonesia)

Papers presented by:
1. Mr. Pan Sothi (Khmer Republic)
2. Prof. Abelardo G. Samonte (Philippines)
3. Mr. J. Y. M. Pillay (Singapore)
4. Col. Somchai Hiranyakit (Thailand)

Discussants:
1. Dr. J. Panglaykim (Singapore)
2. Dr. Young-whan Hahn (TDI)

2.30 p.m. — 5.30 p.m.

Session IV: "Curricula Implications in Management Education for Present and Future Needs"
Chairman: Mr. Lim Chew Swee (Singapore)

Papers presented by:
1. Drs. Aminin Honggodjojo (Indonesia)
2. Mr. Chann Pech (Khmer Republic)
3. Dr. V. Kanapathy (Malaysia)
4. Dr. J. Panglaykim (Singapore)
5. Dr. Sriprinya Ramakomud (Thailand)

Discussants:
1. Dr. Tarcisius Chin (Malaysia)
2. Dr. Jaime C. Laya (Philippines)
3. Dr. Young-whan Hahn (TDI)

Thursday, 17 August

9.00 a.m. — 12.00 p.m.

Session V: "Issues and Problems in the Provision of Continuing Education for Developing Management Needs"
Chairman: Dr. Sriprinya Ramakomud
(Thailand)

Papers presented by:
1. Dr. Tarcisius Chin (Malaysia)
2. Mr. Lim Chew Swee (Singapore)
3. Mr. Sorat Sucharitakul (Thailand)

Discussants:
1. Dr. Doh Joon Chien (Malaysia)
2. Mr. Roberto Ongpin (Philippines)
3. Mr. Pho Ba Long (Vietnam)

2.30 p.m. — 5.30 p.m. **Session VI**: "Summary and Recommendations"

Chairman: Dr. Yip Yat Hoong (RIHED)

Summing up: Dr. Hans C. Blaise
(Ford Foundation)

Discussion: All participants and observers

LIST OF PARTICIPANTS AND OBSERVERS

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Dr. Hans C. Blaise *(Consultant)*

REGIONAL INSTITUTE OF HIGHER EDUCATION AND DEVELOPMENT

RIHED is a regional and autonomous institution established for the purpose of stimulating and facilitating co-operation among the universities and the governments of the countries in Southeast Asia, and to enhance the contributions of higher education to the social and economic development of the countries of the region and of the region as a whole. To achieve this primary objective, the activities of RIHED are focused principally on the following:

(i) To provide statistical, clearing-house and documentation services;

(ii) To conduct or arrange for the conduct and publication of studies of ways to extend the contributions of universities to development and of the functioning and organization of universities in this role;

(iii) To sponsor seminars and conferences;

(iv) To provide advisory and technical services;

(v) To co-operate with other agencies whose objects are related to the objects of the Institute; and

(vi) To encourage and facilitate inter-university and inter-country co-operation in the planning and conduct of mutually beneficial projects in higher education and development.

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